

CITY OF ALAMEDA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006

PREPARED BY THE
FINANCE DEPARTMENT

CITY OF ALAMEDA, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2006

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City of Alameda • California

December 5, 2006

To the Honorable Mayor, Members of the City Council and
Citizens of the City of Alameda, California

The Alameda City Charter Article IV, Section 4-2 (various financing covenants, and rules associated with restricted funding sources) requires the City of Alameda, California (City) to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants. The publication of these statements is to be completed within six months following the end of the fiscal year. Pursuant to the requirements noted above, we hereby issue the Comprehensive Annual Financial Report of the City of Alameda, California for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of the City of Alameda. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Alameda's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Maze and Associates, a firm of licensed certified public accountants, has audited the City of Alameda's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Alameda for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements and evaluating the overall financial management presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Alameda's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity

with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Alameda is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's circular A-133, Audits of States, Local Governments and Nonprofit organizations. Information related to this single audit, including a schedule of federal expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Alameda as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

The City of Alameda provides a broad range of services including police and fire protection, construction and maintenance of streets, parks, storm drains and other infrastructure, recreational and cultural activities, and human services programs. The City owns and operates its own electric and telecommunications utility serving the needs of all residents. It also manages franchises for solid waste and cable television. Certain infrastructure construction and community development activities are provided through a legally separate redevelopment agency. Housing assistance is provided through a housing authority. The City Council sits as the Community Improvement Commission and it functions, in essence, as a department of the City. Many major public services delivered within the City's boundaries, including water, wastewater, education, regional parks, and public transportation, are provided by other agencies. The City of Alameda is not financially accountable for the operations of the franchises or these government agencies.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included herein as part of the primary government. Accordingly, the Community Improvement Commission, which redevelops blighted areas; the Alameda Reuse and Redevelopment Authority, which is responsible for returning Alameda Point to civilian use; and Alameda Public Financing Authority, which assists with the financing of public projects are reported as funds of the primary government in the Special Revenue, Capital Project, and Debt Service funds.

Alameda Power & Telecom and the Alameda Housing Authority are reported as discretely presented component units in this Report, which means their financial transactions and balances are reported in separate columns. Separate component unit

financial statements may be obtained from Alameda Power & Telecom, 2000 Grand Street, Alameda, CA 94501 and the Housing Authority of Alameda, 701 Atlantic Avenue, Alameda, CA 94501. All other component unit financial statements may be obtained from the City of Alameda, 2263 Santa Clara Avenue, Alameda, CA 94501.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Alameda's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Alameda, incorporated April 19, 1854, is located on Alameda Island in San Francisco Bay. The City of Alameda contains 22.7 square miles and serves a population of 74,405. According to the 2000 Census, there are 41,148 (57%) white residents, 4,488 (6%) black residents, 484 (0.7%) American Indian residents, 18,894 (26%) Asians, 434 (0.6%) Native Hawaiian and other Pacific Islanders, 2,380 (3.3%) residents of other race and 4,431 (6%) residents of two or more races.

Alameda has a large, younger adult through middle age group of residents (25 – 54 years), almost 50% of all residents. This implies that we have a strong workforce, and that quality family services (parks, schools, retail) are in high demand. The percentage of adults over 60 has increased slightly from 1990, indicating that we continue to be in need of quality senior services and health care. The biggest change in population from the 1990 Census is, as expected, the drop in military residents due to the closure of the naval air station.

During the last four years, growth in the City has begun to slowly increase as a result of base conversion and redevelopment. The City budget has contracted and stabilized during the same period. Decreases in business-related revenues, loss of revenues to the State, and other cost increases have forced cutbacks in all City services. Despite seeing the first signs of economic recovery, the City faces resource shortfalls in near term future budgets. Cost containment, economic development and fee increases have helped with the resource problem, but new resources will be needed to continue current service levels and restore essential public safety and maintenance services.

The City is a charter city. Like other charter cities, the City has limited ability to set tax rates. The State Constitution establishes a maximum rate for property tax and limits the growth of assessed value. The property tax collected is allocated among the

jurisdictions in the City's tax rate areas based on criteria established by the State Legislature. The rates and tax base of the City's two other major general taxes, sales tax and vehicle license in lieu fees (VLF), are also controlled by the State Legislature or Constitution, rather than the City Council.

Increases of existing local taxes and any new taxes require voter approval. Taxes used for general purposes are subject to approval by a simple majority of voters, while taxes levied for specific purposes require a two-thirds majority of voters, as do property tax levies used to pay for debt issued to build capital assets. In November 2000, Alameda voters approved an additional tax levy to build a new public library and update the two branch libraries. The bonds were issued in March 2003.

Assessments have varying requirements for voter approval ranging from approval through Council action unless challenged by a majority protest to two-thirds voter approval, with voting rights apportioned based on the amount of the assessment. In addition, fees for facilities and services are subject to requirements that they not be set at levels that exceed the reasonable costs of providing services. As a result, fund balances generated by differences between fee revenue and related expenses are retained and designated for services and facilities that benefit fee payers.

The City of Alameda has operated under the council-manager form of government since it was chartered in 1916. Policy-making and legislative authority are vested in a five-member governing council consisting of the Mayor and four Councilmembers. The City Council is responsible, among other things, for passing ordinances, adopting the budget, approving the Mayor's nominees to commissions, and hiring the City's manager, attorney and clerk.

The City Council is elected on a non-partisan basis. Councilmembers serve four-year staggered terms, with two Councilmembers elected every two years. The Mayor is elected to serve a four-year term. The Mayor and Councilmembers are elected at large and all are subject to two-term limits.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The annual budget, the capital budget, financial policies governing reserves, long-term debt, fee supported services, and the budget resolutions serve as the foundation for the City of Alameda's financial planning and control. Departments submit operating appropriation requests in accordance with the City Manager's instructions by February of each year. The City Manager makes recommendations to the City Council regarding

the following year's budget in May and, after public discussion and evaluation of the City Manager's recommendations, the City Council adopts the annual budget in June of each year.

The City Council delegates budget authority at the fund level. The City Manager is authorized to transfer appropriations between departments within funds and to limit expenditures in response to under-collection of estimated revenues. Transfers of appropriations between funds require City Council approval. Budget to actual comparisons are provided as part of the required supplementary information in this report for the general fund and each major governmental fund for which the City Council has adopted an annual budget.

The City Council reviews reports of budget results at the end of the first quarter, at mid-year, and at the third quarter. The ongoing review and long range planning focus for financial management provides numerous opportunities to identify and respond to changes in revenues and expenditures and in community priorities.

Factors Affecting Financial Condition

We believe the information presented in the financial statement is best understood when it is considered from the broader perspective of the context within which the City of Alameda operates.

Risk and Volatility in Funding Sources Collected or Allocated by the State

During the last ten years, the City has lost its ability to set tax rates without voter approval and the State of California has diverted local revenues to offset its own budget problems. In 2004/05, the State shifted \$990,741 of property taxes from the City and has shifted \$711,000 from the City's redevelopment agency. That reduction was repeated in 2005/06. The vehicle license fees were reduced by \$1.3 million, to be repaid over two years, 2005/06 and 2006/07.

A constitutional amendment (Proposition 1A), passed by State voters on November 2, 2004, limits the amounts of reductions of local government revenues in 2006/07 and future years and recharacterized those reductions as loans rather than takeaways. It also limits the State's ability to borrow local revenue allocations to twice every ten years. Limits are based on the total amount allocated to local government, not the specific amounts allocated to an individual agency. Another provision permanently reduces the vehicle registration tax rate and replaces local government's lost taxes with property tax money that has been transferred from local governments annually since 1993.

The State also proposed and the voters approved a constitutional amendment transferring a quarter of local government's 1% sales tax to the State to guarantee repayment of bonds issued to finance the State's deficit in 2003/04. That sales tax was replaced with property tax that had been transferred from local governments annually since 1993. The revenue shift will continue until the State's deficit bonds are repaid. Only voters can approve an increase in sales taxes, limited to transportation and public safety purposes, or general obligation bond tax overrides. The City Council cannot control the rates of these large revenue sources.

Intergovernmental revenue is that revenue subject to the control of another government. It is more volatile and subject to more restrictions on its use than other general revenues, especially locally authorized and collected taxes. Where the State has provided full or partial compensation for reducing traditional local revenue sources and where that compensation is material, the mitigating payment from the State is disclosed separately in the financial statements. These mitigation payments are particularly vulnerable to reduction when the State faces serious budget problems. In addition, unlike revenues affected by economic fluctuation, intergovernmental revenues, once reduced by legislative action, are less likely to return to prior levels.

Local Economy

During the last four years, the business economy has been growing at a minimal rate. Despite only moderate effects in consumer retail and a remarkably strong residential housing market, the business moderation has not lifted the local economy. Residential home values have grown and nonresidential property values in Alameda have not declined significantly. Assessed value growth in Alameda has been below the County average.

We can expect moderate performance in 2006/07. As the economy moderates, the City will maintain an average growth rate. Retail development at Bridgeside Shopping Center, Alameda Towne Center (formerly South Shore Center) and smaller projects throughout the community will help maintain economic stability in Alameda.

Following are major new developments in the City of Alameda:

Catellus/Bayport

Catellus and Warmington Homes, in conjunction with the Housing Authority, will develop a total of 485 homes in the Bayport project; 437 market-rate single-family homes, 58 below market duet townhouses and 91 units of low and very low-income affordable rental housing. The development brings nearly 115 acres of dormant naval land into

civilian use. The development includes an 11-acre community park, four mini parks, and a K-8 elementary school.

With the exception of the homes reserved for affordable housing, initial offering prices were from the mid \$600,000 to the mid \$800,000. The current phase is being offered at \$800,000 to \$1.1 million. As of June 30, 2006, roughly 275 homes have sold, including 16 of the 48 moderately priced duplexes. Full build out of the project is expected to be completed by 2008

Affordable Homes at Bayport. Of the 485 homes, 48 will be moderately priced duplexes that will be sold as part of the project's affordable housing commitment. Warmington Homes has hired Alameda Development Corporation (ADC) to oversee the sale of these 48 homes. The first 23 homes have already been sold through a lottery held in the fall of 2004 and winter of 2005. ADC is completing a third lottery to establish a list of qualified buyers for the next 25 homes, which will continue to be available to families of three or more who earn between 80% and 100% of area median income.

Apartments and Townhomes. The Housing Authority of the City of Alameda has selected Resources for Community Development (RCD) to develop 62-units of affordable housing on the former FISC/East Housing site. The new apartments and townhomes are located within the boundaries of Catellus Development's Bayport Homes project, between Atlantic and Tinker Avenue, across from the College of Alameda.

The project includes 52 rental and 10 for-sale units. Of the 52 rental units, 34 are 2-bedroom flats and 18 are 3-bedroom townhouses. The rental units are for very low- to low-income households (up to 60% of area median income). The ten for-sale units are 3-bedroom townhouses. The for-sale homes are available to families of moderate-income levels. The project also includes a community building and outdoor recreational space. The first units were ready for occupancy in March 2006. Residents will be selected by lottery.

Tinker Avenue Extension

The Tinker Avenue Extension is a required mitigation resulting from the original Catellus Mixed-Use EIR and is a key public roadway/infrastructure improvement for the entire west end of the island. A revised Project Report has been submitted to Caltrans for the new alignment that meets Caltrans safety and operational concerns. The City is developing preliminary plans, specifications and engineering, researching utility relocation requirements, and preparing right-of-way boundary, appraisal maps and

financing plans, the completion of which are required prior to acquiring the necessary property and starting construction.

Bridgeside Shopping Center

The City purchased the Bridgeside Shopping Center and sold it to Regency Centers, a shopping center developer in 2003. Since then, Foothill Partners, Regency's on-site manager of the project, has cleared the site and has secured all city entitlements for the new community shopping center. The Center will be oriented towards the estuary, with ample walkways and landscaping along the water. It is planned to be approximately 108,000 square feet in size anchored by a 57,000-square-foot Nob Hill Foods grocery store. Groundbreaking occurred in the beginning of November 2005, with Nob Hill anticipated to open in Spring 2007.

Alameda Towne Centre (South Shore Shopping Center)

The retail center is re-tenanting and renovating its facilities, including an expansion of approximately 112,757 square feet. The estimated value of project when completed is \$30 to \$40 million.

The Planning Board held a study session August 22, 2005 on the proposed Planned Development Amendment to allow a proposed 49,650 sq. ft. expansion of retail floor area to accommodate construction of a new 145,000 sq. ft. Target department store, and construction of a new parking structure and improvements to the southeast corner of the Centre.

In December 2005, the Economic Development commission unanimously recommended Target as an anchor retailer at the Centre. CEQA and traffic studies are underway.

Webster Street Renaissance Project (WECIP Project Area)

Phase I of the project is complete. Phase II work began with the City Council's approval to submit an application to the Metropolitan Transportation Commission for \$2.3 million in grant funds for Phase II work including improvements on Webster from Pacific to Atlantic Avenue. The application was received by MTC on June 23, 2006.

Park Street Streetscape (BWIP Project Area)

Phase I of the project is complete. Phase II is in the planning stage and will include work south of Central Avenue.

Historic Theater, Cineplex, and Parking Garage

The City will aid in the restoration of the historic Alameda Theater in conjunction with a new seven-screen Cineplex and will construct a new parking garage to meet the goals of the Downtown Vision Plan and Economic Development Strategic Plan. The historic Alameda Theater and Cineplex will operate functionally as one 8-screen movie theater and will only be accessed by patrons through the historic Alameda Theater's main entrance. The 350-space garage will be located adjacent to the Cineplex along Oak Street and provide parking for the movie theater, as well as the surrounding civic center area and Park Street Business District.

The Community Improvement Commission adopted plans and specifications and authorized a call for bids. Those bids received exceeded funds available for the project so all bids were rejected and a 60-day negotiation period was authorized with one contractor. Contracts for design-build of the garage have been awarded and construction work will begin in the fall of 2006.

New Alameda Free Library

The library is complete; on time and under budget. The grand opening is scheduled for November 2, 2006. With the completion of this project and the closeout of the state grant, preliminary review and public meetings regarding the two branch library improvements will begin.

SUMMARY OF MAJOR PRIVATE PROJECTS

“Cardinal Point at Mariner Square” Aegis Assisted Living (behind Pasta Pelican)

Construction is complete and the facility is being occupied. In addition, the public access and green space along the waterway is complete as an addition to the shoreline trail.

The Waterfront/Harbor Bay Business Park

SRM Associates has 35 acres of entitled land remaining at the Waterfront for future commercial development. During 2005/06, some 395,000 sq ft of new space has been built or committed at the Waterfront. One of the most recent transactions involved moving Peet's Coffee and Tea Inc.'s roasting operations from another community to

Alameda in a new build-to-suit project. The new \$24 million, 134,000 square foot facility is expected to be completed by March 2007.

Ettore Products Company, the creator of the t-shaped squeegee for cleaning windows, recently completed the construction of its new, 90,000 square foot headquarters. The new facility employs roughly 80 people.

SRM Associates is currently constructing four flexible, light industrial buildings. These buildings, totaling 86,000 square feet, will be located next to Ettore. The four buildings are currently in contract with the close of escrow expected upon completion of construction early next year. SRM has also submitted their Phase II application to the Planning Department. The proposed Phase II will consist of five similarly sized buildings intended for light manufacturing use.

The Venture Commerce Center at Harbor Bay recently sold out its Phase I project of 15 privately owned business properties—commonly called commercial condos. The commercial condos range in size from about 1,300 to 3,200 square feet. Most of the properties include two-story offices on the front side and an unusually high 21-foot clear height "Flex Area" in the rear. The Flex Area is commonly used for additional offices (often with commercial acoustic ceilings installed), research and development, warehousing, distribution, light manufacturing, high tech operations and other applications. Phase II of the project, consisting of 24 similarly sized condos, is currently under construction.

Hampton Inn and Suites

Hampton Inn and Suites is proposing to build a three-story, 105-room hotel at Harbor Bay Business Park. The Planning Board has completed major design review and development plan approval.

Overall, the outlook for the City of Alameda is positive in terms of its local economy and this outlook is shared by investors in the community as demonstrated in the major capital improvements that are underway.

CalPERS

The California Public Employees' Retirement System (CalPERS) implemented a normalization process precluding rates from exceeding a minimum percentage established by the CalPERS board. This action has resulted in a slight decline in rates for the City. Future rates will be temporized by this normalization process so that rates will neither increase excessively nor decrease to zero.

State Budget

The City of Alameda lost approximately \$1 million in general fund revenue, \$711,000 in redevelopment tax increment revenue, and faced loss of public safety grants and mandate reimbursements totaling nearly \$300,000 in the 2005/06 State budget. Future borrowings from cities by the State are limited now by Constitutional amendment.

City Council Response to Budget Shortfalls

The City Council adopted a budget that reduced General Fund spending in 2005/06 by 5%. Reductions included 21 positions, lower investment in capital projects and general reduction in operational spending. The budget adopted for 2006/07 increased appropriations by 3%, included a one-time use of equipment reserves for a Managed Vehicle Replacement program and increased funding of infrastructure maintenance.

Long-term Financial Planning

The City Council has continued to focus attention on the long-term benefits of recruitment of consumer retail uses to balance the City's business to business sales tax base, and development of a pedestrian oriented urban center in the City's Central Business District. Development Services staff have worked closely with landowners, developers, and retailers to increase retail uses throughout the City.

Cash Management and Policies

Cash temporarily idle during the year was invested in obligations of the U.S. Treasury and agencies of the federal government, corporate notes, municipal obligations and the State Treasurer's investment pool. Maturities of the investments range from one day to five years, with an average maturity of three years. The average yield on investments not held by fiscal agents was 4.0%. Investment income includes appreciation (decline) in the fair value of investments. The increase in fair market value during the current year, however, does not necessarily represent a trend that will continue, nor are such amounts always realized, especially in the case of temporary changes in the fair market value of investments that the City plans to hold to maturity.

Risk Management

The City of Alameda uses a program of self-insurance to reduce its workers' compensation and liability claim costs. The City employs a risk manager and staff, supplemented by professional claims administration firms, to minimize losses. The City participates in two multi-agency joint powers authorities to provide excess insurance

coverage; one for liability coverage and one for workers' compensation coverage. The joint powers authorities and the City rely on estimates prepared by professional actuaries to set aside funds adequate to meet potential losses. Excess coverage provided by the joint powers authorities cover claims in excess of \$500,000 for general liability claims and claims in excess of \$250,000 for workers' compensation claims. Additional information on the City's risk management activity can be found in Note 6 of the notes to the financial statements.

Pension and Other Post-employment Benefits

The City provides pension and medical benefits for its public safety and non-safety employees through two contracts with CalPERS. The contracts include benefit levels that the City has negotiated with its employee units and for which it has executed contract amendments with CalPERS. The plans also include some benefit levels approved by the State Legislature without contract amendments and funding mechanisms approved by the CalPERS Board of Administration. The City's contracts are not part of a larger pool and the City is responsible for making contributions needed to fund benefits when employee contributions are not adequate. In the past, City contributions have ranged from 0% to 34% of qualifying payroll costs.

Safety employees have been covered by PERS since December 1990. Prior to that date, the City provided the following retirement plans for police and fire retirees:

Plan 1079: This is a single employer defined benefit pension plan for police and fire department employees entering service prior to January 1, 1953. On June 30, 2006, there were 51 remaining plan participants and all are retired employees or their beneficiaries.

Plan 1082: This is also a single employer defined benefit pension plan covering police and fire department employees entering service after January 1, 1953. There are now only 2 remaining participants in the plan, as all active participants transferred to the PERS plan.

The City provides an alternative retirement program for its part time employees through the Public Agency Retirement System (PARS).

The City of Alameda also provides postretirement benefits for certain retirees based on the provisions of labor agreements in effect at the date of the employees' retirement. Coverage for healthcare is provided through Public Employees Medical Health Care Act (PEMHCA). For miscellaneous employees, the City pays the PEMHCA minimum premium only for healthcare benefits. For Safety employees, the City pays the full

Honorable Mayor, Members of the City Council and
Citizens of the City of Alameda, California

December 5, 2006

PEMHCA premium for retiree and spouse healthcare benefits, and the full cost for retiree and spouse dental benefits. A more detailed description of plan benefits is provided in Footnote 9. At the end of 2005/06, there were approximately 250 retired employees eligible to receive these benefits, which are financed on a pay-as-you go basis. Generally accepted accounting principles do not currently require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. However, new accounting and reporting standards governing these benefits have been issued and the City has conducted an actuarial study of these post-employment benefits in order to quantify costs and liabilities.

Additional information on the City of Alameda's pension arrangements and post-employment benefits can be found in Note 9 in the notes to the financial statements.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the 16th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and legal requirements. A Certificate of Achievement is valid for one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and many others throughout the organization. We would like to express our appreciation to all the members of the many departments who assisted and contributed to the preparation of this report. We also want to thank the partners and staff of our auditors for their assistance and support during the preparation of the Annual Report.

Respectfully submitted,


Juelle-Ann Boyer
Chief Financial Officer

JAB:dl

PRINCIPAL OFFICERS

CITY OF ALAMEDA

JUNE 30, 2006

CITY COUNCIL

Mayor	Beverly Johnson
Vice Mayor	Marie Gilmore
Councilmember	Tony Daysog
Councilmember	Frank Matarrese
Councilmember	Doug deHaan

COUNCIL APPOINTEES

City Manager	Debra Kurita
City Attorney	Carol A. Korade
City Clerk	Lara Weisiger

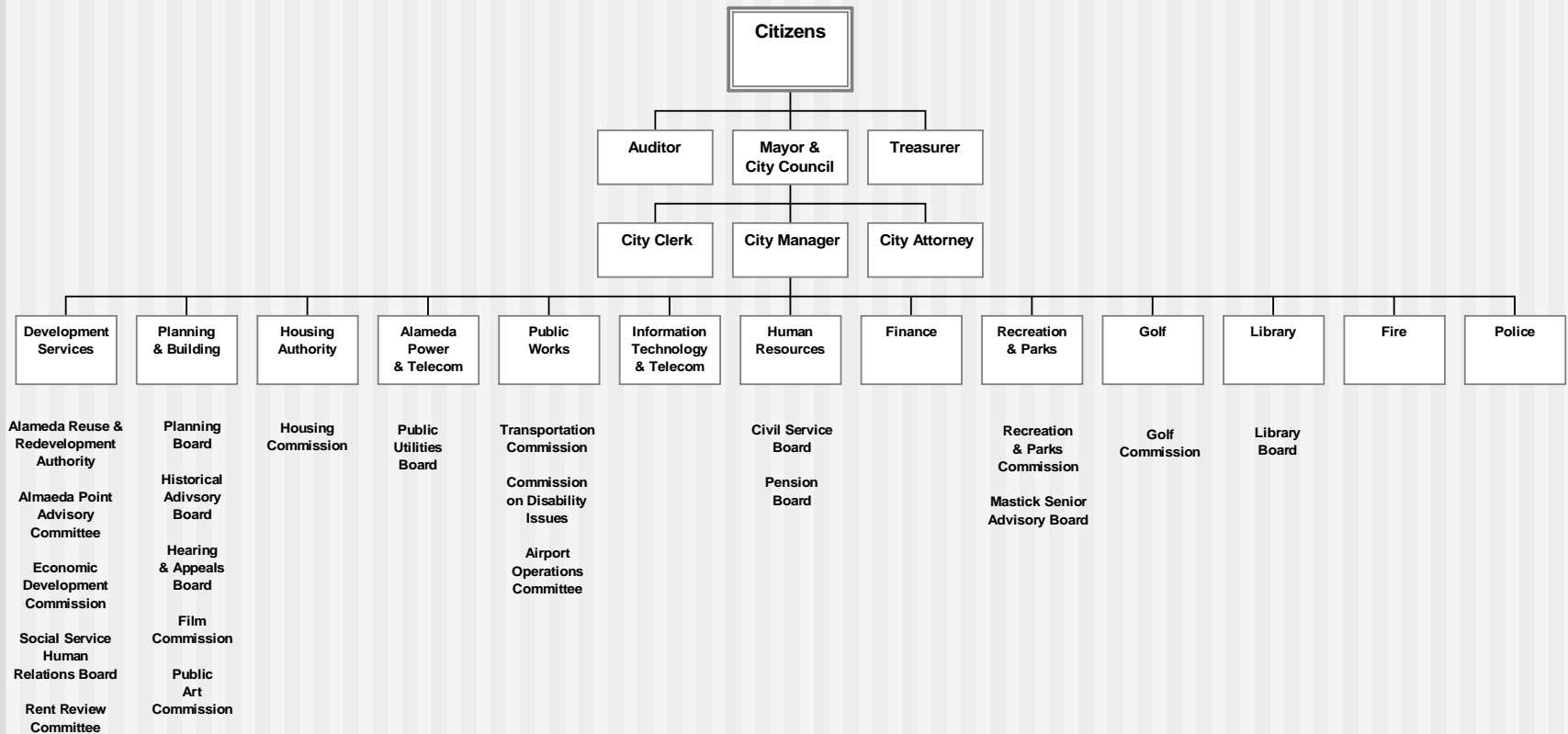
ELECTED OFFICIALS

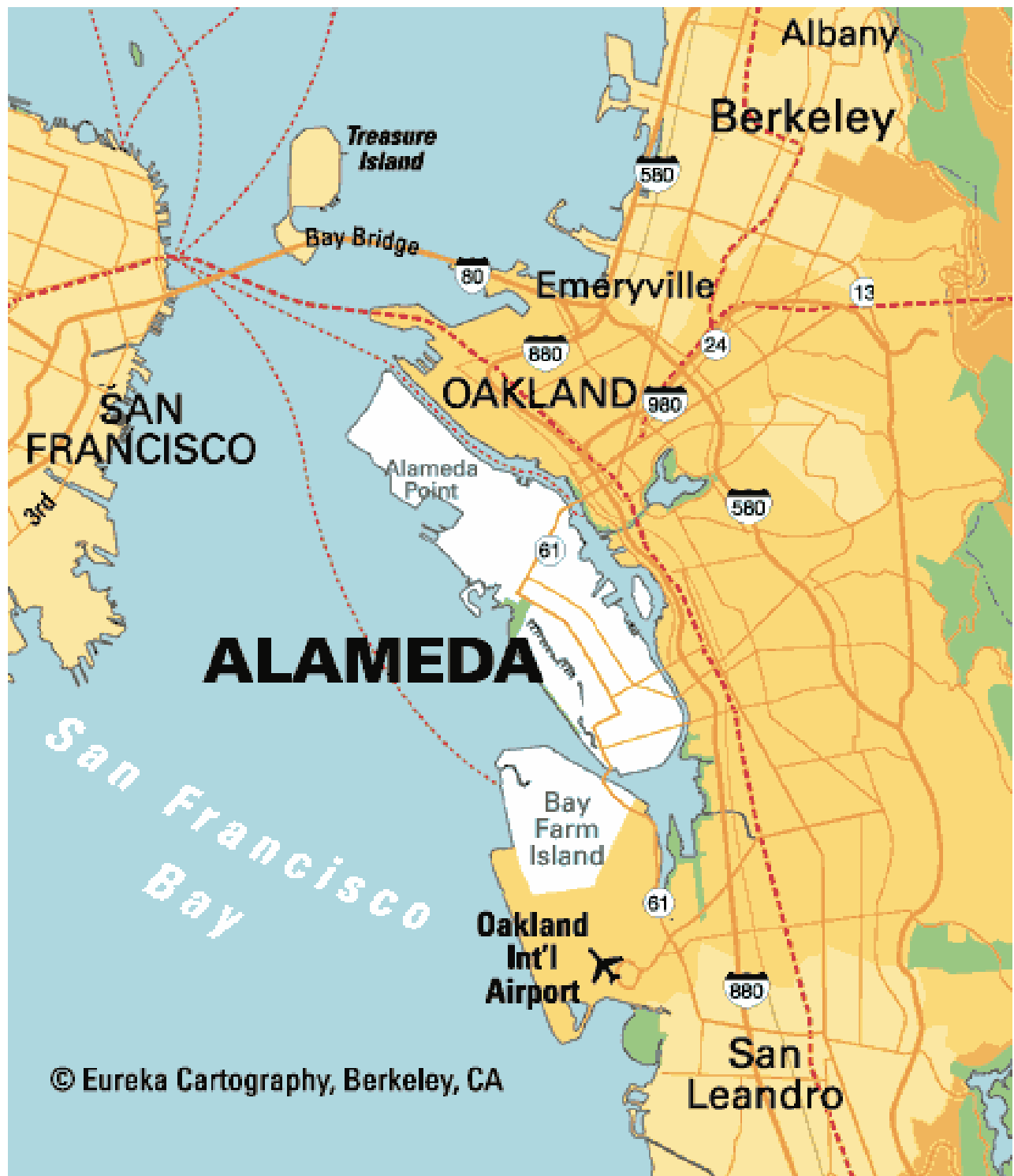
Auditor	Kevin R. Kearney
Treasurer	Kevin Kennedy

APPOINTED OFFICIALS

Assistant City Manager	David Brandt
Acting Chief of Police	Craig Ojala
Chief Financial Officer	Juelle-Ann Boyer
Fire Chief	James Christiansen
Human Resources Director	Karen Willis
Acting Library Director	Jane Chisaki
Planning & Building Director	Cathy Woodbury
Public Works Director	Matthew T. Naclerio
Acting Recreation/Parks Director	Dale Lillard
General Manager, Alameda Power and Telecom	Valerie Fong
Housing Authority Executive Director	Michael T. Pucci
Development Services Director	Leslie Little
General Manager – Golf Complex	Dana Banke
Information Technology Director	Michelle Gitmed

City of Alameda Organizational Chart





California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2004-05

Presented to the

City of Alameda



*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2006

William J. Thomas

Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alameda,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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President

Executive Director

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Council, and City Auditor
City of Alameda, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alameda, California as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements of the Housing Authority of the City of Alameda, California, which represent 5.59% and 11.84% of the assets and revenues of the reporting entity and 6.30% and 7.91% of capital assets and long-term obligations, respectively. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of these other auditors.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the basic financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alameda, California at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued reports dated October 5, 2006 on our consideration of the City of Alameda internal control structure and on its compliance with laws and regulations.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Alameda. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents were not audited by us and we do not express an opinion on this information.

October 5, 2006

**CITY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

This part of the City of Alameda's annual financial report presents management's overview and analysis of the City's financial activities and performance for the fiscal year ended June 30, 2006. The information presented here should be considered in conjunction with additional information presented in the transmittal letter in the Introductory Section at the front of this report, and the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the City of Alameda exceeded its liabilities at the close of the 2005/06 fiscal year by \$295,890,907 (net assets). Of this amount, \$789,266 is unrestricted and represents assets available for future uses.
- The City's total net assets increased by \$33,279,010 as a result of actions taken by the City Council to engage in economic and municipal infrastructure development.
- As of June 30, 2006, the City's governmental funds reported combined ending fund balances of \$107,496,006. Approximately 34% of this total amount is reserved to indicate that it is not available for new spending because it has already been committed. The remaining amount constitutes unreserved fund balance that is available for spending, and has been designated for a variety of specific future uses.
- At the end of the 2005/06 fiscal year, unreserved fund balance for the General Fund was \$17,947,381. The full amount was designated by City Council policy for costs associated with economic uncertainties.
- The City's total long-term debt decreased by \$1,444,481.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Alameda's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information including combining statements in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation and other compensated leave).

In the government-wide financial statements, the City's activities are reported in three categories:

- Governmental Activities – including most of the City's services such as public safety, public works and recreation and parks. Property and other taxes, and state subventions finance most of these activities.
- Business-type activities – the City charges fees to customers for use of the golf complex, the sewer system and the ferry service.
- Discretely Presented Component Units – The Housing Authority and Alameda Power and Telecom are legally separate reporting entities but are important because the City is financially accountable for them.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Alameda, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

City's most significant funds. All of the funds of the City of Alameda can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities.

The City of Alameda maintains about seventy individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the following funds that are considered to be major funds:

- General Fund
- West End Community Improvement Project Area
- Business Waterfront Improvement Project Area
- Alameda Point Improvement Project Area
- FISC Lease Revenue
- Alameda Reuse and Redevelopment Authority
- HOME Repayment
- Capital Improvement Projects

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided as required supplementary information to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 28-41 of this report.

Proprietary funds. The major proprietary funds the City uses are Ferry Services, Golf Course and Sewer Services. These are used to account for operations financed and operated in a manner similar to a private business.

Proprietary funds provide the same type of information as the government-wide financial statements, but with more detail. The fund financial statement provides separate information for the Ferry Services, Golf Course and Sewer Services.

The basic proprietary fund financial statements can be found on pages XX-XX of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for these funds is much like that used for governmental funds. These funds are reported in a separate statement of fiduciary net assets.

The basic fiduciary fund financial statements can be found on pages 48-49 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements and can be found on pages 51-105 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This information includes budgetary comparison schedules and can be found on pages 114-154 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately preceding the required supplementary information on pages 114-148 of this report.

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Alameda, assets exceeded liabilities by \$295,890,907 at the close of the 2005/06 fiscal year. In comparison, last year assets exceeded liabilities by \$262,611,897. Information about net assets is presented in the summary table below:

Summary of Net Assets June 30, 2006 and 2004 (dollars in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$136,438	\$134,552	\$21,931	\$21,536	\$158,369	\$156,088
Capital Assets	<u>244,086</u>	<u>207,856</u>	<u>51,141</u>	<u>51,622</u>	<u>295,227</u>	<u>259,478</u>
Total Assets	\$380,523	\$342,408	\$73,072	\$73,158	\$453,596	\$415,566
Long-Term Liabilities	114,988	113,601	8,692	9,535	123,680	123,136
Other Liabilities	<u>31,798</u>	<u>28,204</u>	<u>2,227</u>	<u>1,615</u>	<u>34,025</u>	<u>29,819</u>
Total Liabilities	\$146,786	\$141,805	\$10,919	\$11,150	\$157,705	\$152,955
Net Assets:						
Invested in Capital Assets, Net of Debt	149,627	124,742	41,606	41,430	191,233	166,171
Restricted	102,723	116,647	1,145	1,107	103,869	117,754
Unrestricted	<u>(18,613)</u>	<u>(40,785)</u>	<u>19,402</u>	<u>19,471</u>	<u>789</u>	<u>(21,314)</u>
Total Net Assets	<u>\$233,737</u>	<u>\$200,604</u>	<u>\$62,153</u>	<u>\$62,008</u>	<u>\$295,891</u>	<u>\$262,612</u>

By far, the largest portion of the City's net assets (65%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. The increase this year is due primarily to construction in progress which includes new municipal infrastructure for the Bayport housing development, the new Main Library, the downtown theatre project, and other in-progress capital improvement projects.

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

The amount of net assets invested in capital assets, net of related debt, is reported as a distinct component of net assets because this amount is not available for future spending. In addition, although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets, the portion of the City's net assets (35%) subject to restrictions on how they may be used, decreased this year because resources restricted for capital projects were employed in capital asset additions through construction-in-progress during the year.

Unrestricted net assets, the portion of the City's net assets (0.3%) available for use, increased, reflecting a year-over-year increase in cash.

Current liabilities increased 14% primarily reflecting increases in compensated absences, loans payable, and refundable deposits, partially offset by decreases in debt.

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

Summary of Changes in Net Assets
June 30, 2006 and 2005
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Program revenues						
Charges for Services	30,272	28,831	9,112	9,617	39,384	38,448
Operating Grants & Contributions	16,571	8,171	2,279	6,683	18,850	14,854
Capital Grants and Contributions	15,576	10,947	-	-	15,576	10,947
General revenues						
Property Taxes	21,332	19,007	-	-	21,332	19,007
Incremental property taxes	11,178	8,957	-	-	11,178	8,957
Special assessments	851	895	-	-	851	895
Sales Taxes	4,581	4,756	-	-	4,581	4,756
Other Taxes	22,130	18,780	-	-	22,130	18,780
Motor Vehicle in Lieu fees	5,983	5,084	-	-	5,983	5,084
Investment earnings	2,696	2,898	646	486	3,342	3,384
Gain/(Loss) from disposal of capital assets	-	-	-	-	-	-0
Other	1,216	3,436	258	2	1,474	3,438
Total Revenues	132,386	111,762	12,295	16,788	144,681	128,550
Program Expenses						
General government	17,986	15,395	-	-	17,986	15,395
Police services	25,256	22,074	-	-	25,256	22,074
Fire services	20,521	19,667	-	-	20,521	19,667
Public Works	5,374	13,990	-	-	5,374	13,990
Development Services	14,094	17,920	-	-	14,094	17,920
Culture and Recreation	7,115	6,759	-	-	7,115	6,759
Housing and community services	3,395	4,688	-	-	3,395	4,688
Interest on long-term debt	5,918	6,429	-	-	5,918	6,429
Ferry Services	-	-	3,479	3,539	3,479	3,539
Golf Course	-	-	4,508	4,400	4,508	4,400
Sewer Services	-	-	3,756	3,633	3,756	3,633
Total Expenses	99,659	106,922	11,743	11,572	111,402	118,494
Change in net assets before transfers	32,727	4,840	552	5,216	33,279	10,056
Transfers, net	407	293	(407)	(293)	-	-
Change in net assets	33,134	5,133	145	4,923	33,279	10,056
Beginning Net Assets	200,604	195,471	62,008	57,085	262,612	252,556
Ending Net Assets	233,738	200,604	62,153	62,008	295,891	262,612

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

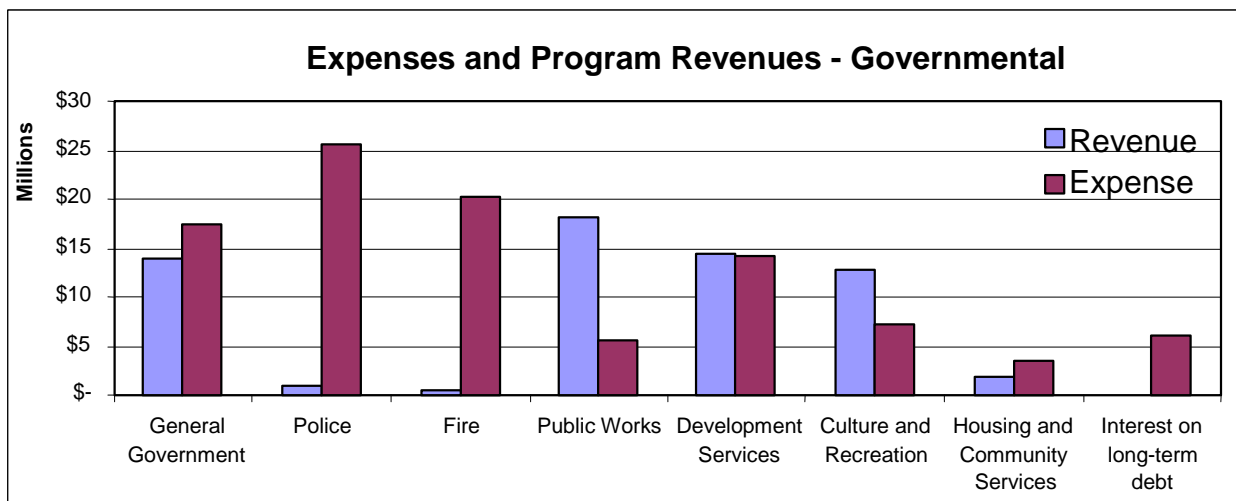
The City's total net assets increased by \$33.3 million or 13% from the prior year.

Capital grants (42%), operating grants (27%), incremental property taxes (25%), other taxes (18%) and property taxes (12%) contributed to the overall increase in revenues. Program expenses decreased overall. The largest increases were in Police (14%) and General Government (17%). Offsetting decreases were primarily in Public Works (-62%), Housing and Community Services (-28%), and Development Services (-21%).

Expense and Program Revenue - Governmental Activities

2006

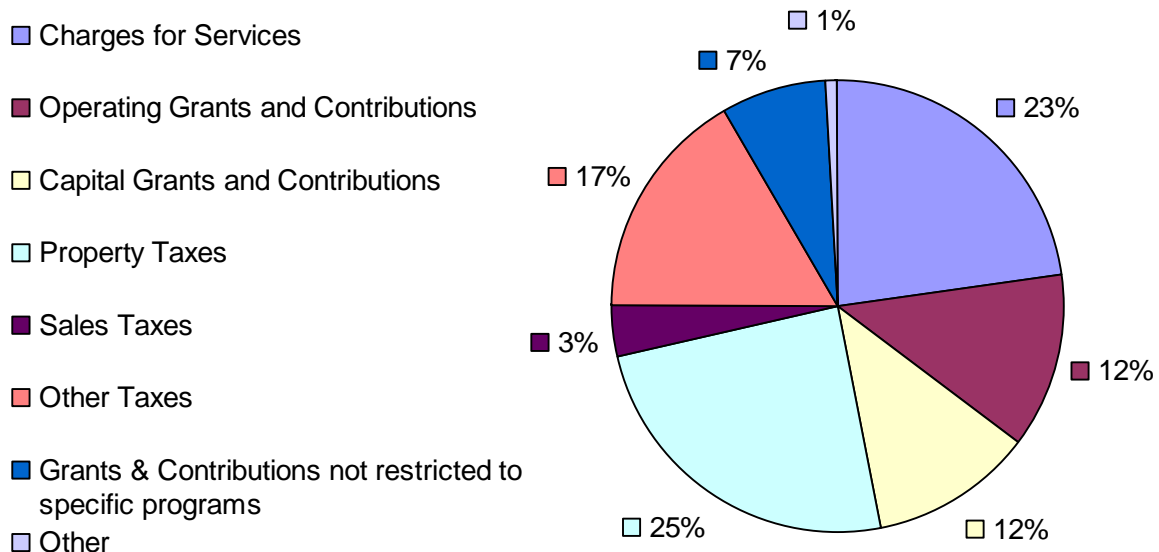
	Revenue	Expense
General Government	\$13,940,433	\$ 17,985,965
Police	997,390	25,255,793
Fire	355,520	20,520,453
Public Works	18,155,356	5,374,200
Development Services	14,450,357	14,093,939
Culture and Recreation	12,753,280	7,114,677
Housing and Community Services	1,766,625	3,395,317
Interest on long-term debt	-	5,918,480
	<u>\$62,418,961</u>	<u>\$ 99,658,824</u>



City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

**Revenues by Source-Governmental Activities
2006**

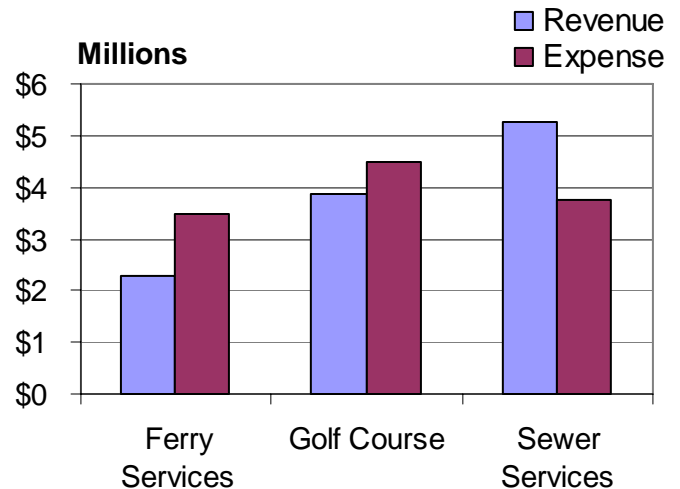
Charges for Services	\$ 30,271,529
Operating Grants and Contributions	16,571,222
Capital Grants and Contributions	15,576,210
Property Taxes	32,510,477
Sales Taxes	4,580,600
Other Taxes	22,129,610
Grants & Contributions not restricted to specific programs	9,894,801
Other	<u>1,258,083</u>
	<u><u>\$ 132,792,532</u></u>



City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

Business-type activities

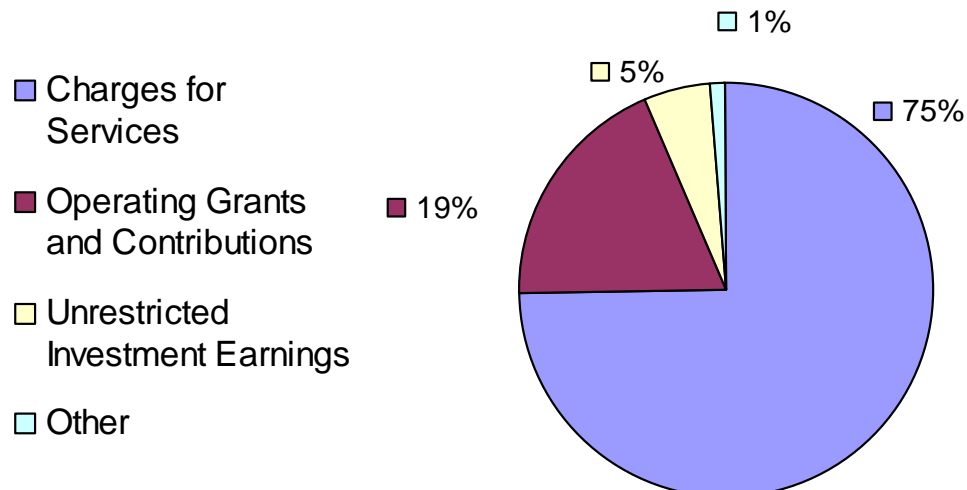
Expense and Program Revenue Business-type Activities		
2006		
	Revenue	Expense
Ferry Services	\$2,279,492	\$ 3,478,994
Golf Course	3,859,518	4,508,404
Sewer Services	5,252,893	3,756,084
	<u>\$11,391,903</u>	<u>\$11,743,482</u>



**Revenues by Source
Business-type Activities**

2006

Charges for Services	\$ 9,112,411
Operating Grants and Contributions	2,279,492
Unrestricted Investment Earnings	646,149
Other	(149,268)
	<u>\$11,888,784</u>



Proprietary Funds

These activities increased the City's net assets by \$145,302 accounting for 0.4% percent of the total growth in the government's net assets. Key elements of this increase are as follows:

Ferry Services. Net assets of the Ferry Services Fund at June 30, 2006, were \$9,362,195 consisting primarily of capital assets of \$9,330,479. The Ferry Service does not generate operating income as it is supported by grants and contributions of \$2,279,492, interest income of \$204, rent and other of \$273,665, plus transfers in of \$467,426, totaling \$3,020,787 for the year. Operating expenses, including depreciation of \$433,748, totaled \$3,478,994.

Golf Course. Net assets of the Golf Course Fund at June 30, 2006, were \$6,539,515 consisting primarily of net assets invested in capital assets, net of related debt of \$3,928,277; the remaining \$2,611,238 was available to fund operations. The Golf Course generated \$3,943,511 in revenue primarily from user fees. Operating expenses totaled \$4,491,568 including depreciation. The Fund also transferred out \$560,353 to the General Fund and Internal Service Funds for services provided.

Sewer Services. Net assets of the Sewer Service Fund at June 30, 2006 were \$46,251,645 consisting primarily of net assets invested in capital assets, net of related debt of \$28,347,470. \$1,145,471 was restricted for debt service. The remaining \$16,758,704 was available to fund operations.

The Sewer Services fund generated an operating gain of \$2,254,736 for the year with operating revenues of \$5,510,703 exceeding operating expenses of \$3,255,967. Additionally, revenue from interest income of \$288,287 offset by interest, fiscal charges and lease expense of \$500,117 decreased income by \$211,830, while transfers in of \$106,834 less transfers out of \$420,985 to the General Fund, Capital Improvement Projects, and Internal Service Funds for services provided, resulted in the change in net assets of \$1,728,755.

Financial analysis of the Government's Funds

As noted earlier, the City of Alameda uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Alameda's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Alameda's financing

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Alameda's governmental funds reported combined ending fund balances of \$107,496,006, a decrease of \$80,152 in comparison with the prior year. Approximately \$55 million or 51% of the combined ending fund balance constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. Approximately 34% of total fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, to pay debt service. The remaining 15% is *unreserved* but designated for specific future uses.

The general fund is the chief operating fund of the City of Alameda. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$17,947,381, while the total fund balance including restricted resources was \$24,573,726. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 27% percent of total general fund expenditures, while total fund balance represents 37% percent of that same amount.

The fund balance of the City of Alameda's general fund increased. Transfers in exceeded transfers out, contributing \$2,481,525, partially offset by a revenue-to-expense deficiency of \$37,944, with the sale of capital assets adding \$16,350, resulting in a net increase to fund balance of \$2,459,931 for the current fiscal year.

The debt service funds have total fund balances of \$11,373,078, all of which are reserved for the payment of debt service. The aggregate net decrease in fund balances during the current year in the debt service funds was \$74,305, reflecting interest and principal payments in excess of transfers in, tax revenues, and interest earned on balances.

Proprietary Funds. The City of Alameda's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets as a percent of total net assets by fund: Ferry, 0.34%; Golf, 40%; Sewer, 36%. The Internal Service Funds net asset deficit reflects Worker's Compensation Insurance Fund's future claims liabilities maturing over five to ten years, partially offset by other internal service funds.

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

General Fund Budgetary Highlights

During the year there was a \$7,097,463 or 10% increase in appropriations between the original and final amended budget. Following are the main components contributing to the increase:

Program/Category	Change in Final Budget from Original Budget		As % of Budget Increase
Fire Department	\$3,569,592	19%	50%
Police Department	2,463,201	11%	35%
General Government	1,029,906	17%	15%
All Others Combined	34,764	0.2%	0%
Total Change in Final Amended Budget	\$7,097,463	10%	100%

Increases were possible because of additional anticipated revenues and other financing sources, including increased property and transfer tax, permits, and business licenses revenues, and use of reserves to finance capital improvements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Alameda's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$295,227,180 (net of accumulated depreciation), an increase of approximately \$36 million over the prior year. Investment in capital assets includes land, buildings and systems improvements, machinery and equipment, park facilities and streets.

Major additions during the fiscal year, reflected in the increase in the construction-in-progress category, include new municipal infrastructure for the Bayport housing development, the new Main Library, the Downtown Theatre Project, and Park and Webster Streetscape projects and other street and sidewalk improvements, as well as various park, traffic flow and sewer and storm drain improvements.

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

Summary of Capital Assets Investment

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 4,921,331	\$ 4,921,331	\$ 176,899	\$ 176,899	\$ 5,098,230	\$ 5,098,230
Buildings and systems	113,642,977	115,220,704	735,982	748,999	114,378,959	115,969,703
Improvements other than buildings	-	-	50,186,391	50,680,431	50,186,391	50,680,431
Machinery and equipment	7,007,353	8,045,425	-	-	7,007,353	8,045,425
Infrastructure	54,423,596	55,422,596	-	-	54,423,596	55,422,596
Construction in Progress	64,090,570	24,246,041	42,081	16,497	64,132,651	24,262,538
Total	<u>\$244,085,827</u>	<u>\$207,856,097</u>	<u>\$51,141,353</u>	<u>\$ 51,622,826</u>	<u>\$295,227,180</u>	<u>\$259,478,923</u>

Additional information about the City's capital assets can be found in Note 5, pages 73-75 of this report.

Long-term Debt. At the end of 2005/06, the City had \$122,330 in debt outstanding. Of this amount, \$68,700 is tax increment notes issued for redevelopment purposes, \$19,745 is certificates of participation and \$10,300 is general obligation bonds. Following is a summary schedule of outstanding debt. For detailed information please see Note 6, on pages 78-87.

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

Summary of Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Certificates of Participation	15,960	16,605	3,785	4,010	19,745	20,615
Revenue Bonds	15,110	15,225	-	-	15,110	15,225
Tax Allocation Bonds	68,700	69,225	-	-	68,700	69,225
General Obligation Bonds	10,300	10,455	-	-	10,300	10,455
Installment Purchase Obligations	2,725	2,072	255	348	2,980	2,420
State Loans	-	-	5,495	5,835	5,495	5,835
Total	<u>\$112,795</u>	<u>\$113,582</u>	<u>\$9,535</u>	<u>\$10,193</u>	<u>\$122,330</u>	<u>\$123,775</u>

The City of Alameda's total debt decreased by \$1,444,481 (1.2%) during the current fiscal year, the net excess of debt retirements, in the amount of \$2,476,355, over additions.

During the year the Community Improvement Commission borrowed \$695,000 from California Statewide Communities Development Authority. The purpose of this loan was to pay for Educational Revenue Augmentation Fund (ERAF) due to Alameda County, and the City entered into a lease agreement in the amount of \$336,874 to acquire an accounting system upgrade, a Fire Record Management System and a Storage Area Network. These actions resulted in additions to debt of \$1,031,874.

Additional information on the City of Alameda's long-term debt can be found in Note 6 on pages 78-87 of this report.

Special Assessment District Debt.

The following special assessment districts had debt outstanding of \$55.5 million as of June 30, 2006, but for which the City has no liability.

- Pargon Gateway Community Facilities District #2
- Harbor Bay Community Facilities District #1-1996 Series A Revenue Bonds
- Harbor Bay Business Park 1998 Refunding Improvement Bonds

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

- Marina Village Assessment District Bond Refinancing (Alameda Public Finance Authority 1999 Revenue Bonds)

Maintaining the Condition of the City's Infrastructure

Alameda uses historical cost less depreciation to report its roads and highways in the government-wide statement of net assets. Note 5 to the financial statements contains detailed information about all of the City's capital assets. Roads and highways are listed at their historical cost and they are depreciated.

The City of Alameda reports all of its capital assets in Note 5 to the financial statements. Each of these is reported at historical cost less any accumulated depreciation and impairment. The City of Alameda reports the condition of its streets and its efforts to maintain and preserve them as another method of communicating their status. This information is summarized below.

Excellent	Very Good	Good	Poor	Very Poor
47.53 miles	21.28 miles	51.43 miles	13.33 miles	.89 miles
35.35%	15.83%	38.25%	9.91%	.66%

The Metropolitan Transportation Commission (MTC) uses "Very Good" as the target rating for Bay Area Cities. Slightly more than 50% of the City of Alameda's streets are rated in that category or above. According to MTC the City's overall pavement system is rated 68 or Good, which ranks it slightly above the Bay Area average.

In order to maintain the Good ranking, the City should invest \$2.6 million annually for street resurfacing and preventative maintenance. Historically, we have been investing \$350,000 to \$500,000 for resurfacing on an annual basis. In the current fiscal year, \$3 million was invested in street resurfacing and preventative maintenance. During the next two fiscal years, the City Council has targeted \$2.2 million for these projects.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

At the time these financial statements were prepared and audited, the City was aware of the following existing circumstances that could significantly affect its financial health in the future:

- At the end of fiscal year 2006, there are salary increase agreements in place with 3 major employee associations. These labor agreements provide for 2.5 percent or \$700,000 during the ensuing fiscal year. Contract negotiations are in progress or

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

will begin in January 2006 with two remaining employee associations. The outcomes of these negotiations are not known.

- The City offers post-employment health benefits to its retirees. The type and value of this benefit is bargained benefit. Miscellaneous employees receive the minimum payment required by the PEMCHA (Public Employees Medical Coverage Health Agreement) whereas the Safety employees receive the full cost of the PEMCHA provided health insurance and Dental insurance for themselves and their spouse. In January 2005, the City had prepared an actuarial study of these benefits and their future costs. Based on a 4 percent return and a 30 year period, the actuarial accrued liability is \$70 million.
- Alameda Point and its final conveyance from the Navy to the City will have an impact on the future economic development of the City. The timing of the development process as compared to regular business cycles may have great importance.
- The need to address the funding for unfunded capital improvements continues.

The following economic conditions were considered in preparing the Fiscal Year 2006-2007 Budget:

- The CPI (Consumer Price Index) is expected to remain around 2.5 percent for 2006-2007
- ABAG predicts that discretionary spending will decrease as energy prices and interest rates rise
- The Unemployment rate was 4.1 percent, which is below the State's rate of 5 percent
- New home construction and sales of existing homes will experience a reduction

These indicators were taken into account when adopting the general fund budget for fiscal year 2006/2007. Revenues and other resources in the general fund are projected to be \$77.2 million, an increase of 6.5 percent over 2005/2006. One quarter of revenues are estimated to come from Property Taxes. They are estimated to increase by 13 percent over the prior year's estimate.

In response to the slowly improving conditions that the City of Alameda faces, the City's focus will be on preserving basic services and sustaining maintenance of infrastructure and public facilities. Prudent budgeting and reserve policies have enabled the City to manage through this period of changing economics. Cost containment and economic development have helped with the resource issues, but new resources will be needed to continue current service levels and essential public safety and maintenance services.

REQUEST FOR INFORMATION

This comprehensive Annual Financial Report is designed to provide a general overview of the City of Alameda's finances for all those with an interest in the City's finances. For the convenience of the public, a copy of this report is posted on the City's website (www.ci.alameda.ca.us). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Chief Financial Officer, Juelle-Ann Boyer, at 2263 Santa Clara Avenue, Room 220, Alameda, California, 94501.

CITY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term obligations. The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City. This column is followed by two individual columns, which display each discretely presented component unit.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds primarily, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities, Business-type Activities, or discretely presented Component Unit column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the blended component units: Community Improvement Commission of the City of Alameda, the Alameda Public Financing Authority, the City of Alameda Police and Fire Retirement System Pension Plans 1079 and 1082, and the Alameda Reuse and Redevelopment Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities. The balances and the activities of the discretely presented component units of the City of Alameda Power and Telecom and the Housing Authority of the City of Alameda are included in these statements as separate columns.

CITY OF ALAMEDA
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Housing Authority	Power & Telecom
ASSETS					
Cash and cash equivalents (Note 2)	\$76,527,561	\$19,553,328	\$96,080,889	\$8,203,664	\$19,361,637
Restricted cash and investments (Note 2)	37,153,983	1,145,471	38,299,454	2,090,633	26,795,112
Accounts receivable	7,234,913	291,414	7,526,327	201,655	4,161,244
Interest receivable	1,059,519		1,059,519	86,672	166,312
Internal balances (Note 3)	(233,277)	233,277			
Due from other governments	2,938,939	21,024	2,959,963	43,012	
Loans receivable (Note 4)	10,874,287		10,874,287	243,109	324,288
Materials, parts and supplies		77,072	77,072	6,874	3,260,739
Prepays, deposits and bond discounts	881,645	609,193	1,490,838	84,864	1,933,854
Share of certain NCPA projects and reserve (Note 1)					16,198,069
Capital assets (Note 5):					
Non-depreciable	69,011,901	218,980	69,230,881	7,746,433	5,547,580
Depreciable, net of accumulated depreciation	175,073,926	50,922,373	225,996,299	17,941,852	81,267,659
Management fee buyout (Note 6)					6,006,000
Total Assets	380,523,397	73,072,132	453,595,529	36,648,768	165,022,494
LIABILITIES					
Accounts payable	7,725,349	740,636	8,465,985	165,208	3,355,111
Accrued payroll	3,080,411	43,226	3,123,637	69,838	
Interest payable	1,753,884	253,154	2,007,038	154,395	1,520,331
Claims payable (Note 10)	6,903,318		6,903,318		
Deferred revenue	1,089,503	172,920	1,262,423		
Refundable deposits	2,425,043	25	2,425,068	353,817	493,849
Due to other agencies	831,024		831,024	1,151	
Loans payable	2,802,487		2,802,487		
Compensated absences (Note 1)					
Current	3,031,585	173,689	3,205,274	13,956	530,715
Long-term	3,840,309		3,840,309	125,608	
Net pension obligation (Note 9)	508,000		508,000		
Long-term debt (Note 6)					
Due within one year	2,155,394	842,741	2,998,135	281,811	1,288,673
Due in more than one year	110,639,538	8,692,386	119,331,924	17,084,304	79,256,327
Purchased power balancing account (Note 1)					13,376,200
Total Liabilities	146,785,845	10,918,777	157,704,622	18,250,088	99,821,206
NET ASSETS (Note 8)					
Invested in capital assets, net of related debt	149,626,890	41,606,226	191,233,116	8,322,170	33,976,678
Restricted for:					
Capital projects	51,808,106		51,808,106	665,096	
Debt service	11,373,078	1,145,471	12,518,549		
Redevelopment projects	33,293,192		33,293,192		
Special revenue projects	6,248,678		6,248,678		
NCPA projects and reserve					16,198,069
Total Restricted Net Assets	102,723,054	1,145,471	103,868,525	665,096	16,198,069
Unrestricted	(18,612,392)	19,401,658	789,266	9,411,414	15,026,541
Total Net Assets	\$233,737,552	\$62,153,355	\$295,890,907	\$18,398,680	\$65,201,288

See accompanying notes to financial statements

CITY OF ALAMEDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$17,985,965	\$13,804,737	\$135,696	
Police	25,255,793	217,551	779,839	
Fire	20,520,453	79,718	270,767	\$5,035
Public works	5,374,200	848,390	2,532,803	14,774,163
Development services	14,093,939	12,395,013	1,501,754	553,590
Culture and recreation	7,114,677	2,926,120	9,583,738	243,422
Housing and community services	3,395,317		1,766,625	
Interest on long-term debt	5,918,480			
Total Governmental Activities	99,658,824	30,271,529	16,571,222	15,576,210
Business-type Activities:				
Ferry services	3,478,994		2,279,492	
Golf course	4,508,404	3,859,518		
Sewer services	3,756,084	5,252,893		
Total Business-type Activities	11,743,482	9,112,411	2,279,492	
Total Primary Government	\$111,402,306	\$39,383,940	\$18,850,714	\$15,576,210
Component Units:				
Housing Authority	\$23,458,406	\$3,162,738	\$24,594,124	
Power & Telecom	60,987,054	61,937,553		
Total Component Units	\$84,445,460	\$65,100,291	\$24,594,124	
General revenues:				
Taxes:				
Property taxes				
Incremental property tax				
Urban runoff special assessments				
Sales taxes				
Utility users tax				
Transfer tax				
Other taxes				
Motor vehicle in-lieu, unrestricted				
Use of money and properties				
Miscellaneous				
Transfers (Note 3)				
Total general revenues and transfers				
Change in Net Assets				
Beginning Net Assets				
Ending Net Assets				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets			Net (Expense) Revenue and Changes in Net Assets	
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Housing Authority	Power & Telecom
(\$4,045,532)		(\$4,045,532)		
(24,258,403)		(24,258,403)		
(20,164,933)		(20,164,933)		
12,781,156		12,781,156		
356,418		356,418		
5,638,603		5,638,603		
(1,628,692)		(1,628,692)		
(5,918,480)		(5,918,480)		
(37,239,863)		(37,239,863)		
	(\$1,199,502)	(1,199,502)		
	(648,886)	(648,886)		
	1,496,809	1,496,809		
	(351,579)	(351,579)		
(37,239,863)	(351,579)	(37,591,442)		
			\$4,298,456	
				\$950,499
			4,298,456	950,499
21,332,157		21,332,157		
11,178,320		11,178,320		
851,005		851,005		
4,580,600		4,580,600		
8,328,131		8,328,131		
6,601,412		6,601,412		
7,200,067		7,200,067		
5,982,971		5,982,971		
2,695,888	646,149	3,342,037	275,197	2,040,575
1,215,942	257,810	1,473,752		
407,078	(407,078)			
70,373,571	496,881	70,870,452	275,197	2,040,575
33,133,708	145,302	33,279,010	4,573,653	2,991,074
200,603,844	62,008,053	262,611,897	13,825,027	62,210,214
\$233,737,552	\$62,153,355	\$295,890,907	\$18,398,680	\$65,201,288

CITY OF ALAMEDA, CALIFORNIA

FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2006. Individual non-major funds may be found in the Supplemental Information section.

GENERAL FUND

The General Fund is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of the City which are not accounted for in another fund.

WEST END COMMUNITY IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND

This fund accounts for the tax increment proceeds and associated redevelopment project costs for the West End Community Improvement Project.

BUSINESS AND WATERFRONT IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND

This fund accounts for the tax increment proceeds and associated redevelopment project costs for the Business and Waterfront Improvement Project.

ALAMEDA POINT IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND

This fund accounts for the tax increment proceeds and associated redevelopment project costs for the proposed Alameda Point Improvement Project.

FISC LEASE REVENUE SPECIAL REVENUE FUND

This fund accounts for revenue from the Fleet Industrial Supply Center (FISC) lease and related capital improvement expenditures.

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND

This fund accounts for the lease and rental activities, as well as the general operations associated with the reuse of the Alameda Naval Base.

HOME REPAYMENT SPECIAL REVENUE FUND

This fund accounts for County disbursed HOME funds for HOME eligible activities in the City.

CAPITAL IMPROVEMENT PROJECTS FUND

This fund accounts for monies for major capital improvement projects not provided for in one of the other capital projects funds.

CITY OF ALAMEDA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006

	General	West End Community Improvement Project Area Special Revenue	Business and Waterfront Improvement Project Area Special Revenue	Alameda Point Improvement Project Area Special Revenue
ASSETS				
Cash and cash equivalents (Note 2)	\$18,227,237	\$2,406,239	\$4,856,459	\$302,407
Restricted cash and investments (Note 2)		19,125,459		
Accounts receivable	3,633,958	205,255	449,890	1,467
Interest receivable	1,056,548			
Due from other funds (Note 3)	628,094			
Advances to other funds (Note 3)	3,658,995			
Due from other governments				
Loans receivable (Note 4)	2,381,770	608,790	1,552,200	
Prepays and deposits	585,580	73,233		
Total Assets	<u>\$30,172,182</u>	<u>\$22,418,976</u>	<u>\$6,858,549</u>	<u>\$303,874</u>
LIABILITIES				
Accounts payable	\$1,718,479	\$2,720,228	\$624,609	\$57,181
Accrued payroll	2,942,597	5,831	9,774	4,189
Due to other funds (Note 3)				
Due to other agencies			831,024	
Advances from other funds (Note 3)				1,258,995
Deferred revenue	629,259	608,790	1,552,200	
Refundable deposits	308,121			
Loans payable				
Total Liabilities	<u>5,598,456</u>	<u>3,334,849</u>	<u>3,017,607</u>	<u>1,320,365</u>
FUND BALANCES (Note 8)				
Fund balance				
Reserved for:				
Capital improvement				
Debt service				
Low and moderate income housing		823,540	3,624,860	302,099
Prepays, loans receivable, and advances to other funds	6,626,345	73,233		
Unreserved:				
Designated for:				
Capital improvements				
Special Revenue Funds				
Capital Projects Funds				
Undesignated, Reported in:				
General Fund	17,947,381			
Special Revenue Funds		18,187,354	216,082	(1,318,590)
Capital Projects Funds				
Total Fund Balances (Deficits)	<u>24,573,726</u>	<u>19,084,127</u>	<u>3,840,942</u>	<u>(1,016,491)</u>
Total Liabilities and Fund Balances	<u>\$30,172,182</u>	<u>\$22,418,976</u>	<u>\$6,858,549</u>	<u>\$303,874</u>

See accompanying notes to financial statements

FISC Lease Revenue Special Revenue	Alameda Reuse and Redevelopment Authority Special Revenue	HOME Repayment Special Revenue	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$55,730	\$7,600,649		\$5,515,405	\$34,857,256	\$73,821,382
			2,843,198	15,185,326	37,153,983
135,203	41,524		240,632	2,463,893	7,171,822
				2,971	1,059,519
					628,094
					3,658,995
			2,932,823	6,116	2,938,939
		\$3,433,616		2,897,911	10,874,287
55,620				13,209	727,642
<u>\$246,553</u>	<u>\$7,642,173</u>	<u>\$3,433,616</u>	<u>\$11,532,058</u>	<u>\$55,426,682</u>	<u>\$138,034,663</u>
\$180,343	\$333,569		\$1,036,395	\$634,351	\$7,305,155
32,768	13,541		1,781	62,081	3,072,562
465,205				96,166	561,371
					831,024
2,400,000	300,000				3,958,995
	12,708	\$3,433,616	166,607	3,178,840	9,582,020
53,735	519,122		1,501,746	42,319	2,425,043
2,802,487					2,802,487
<u>5,934,538</u>	<u>1,178,940</u>	<u>3,433,616</u>	<u>2,706,529</u>	<u>4,013,757</u>	<u>30,538,657</u>
				11,947,346	11,947,346
				11,373,078	11,373,078
				1,366,427	6,116,926
55,620				12,188	6,767,386
			8,825,529		8,825,529
				6,196,579	6,196,579
				917,415	917,415
					17,947,381
(5,743,605)	6,463,233			14,922,352	32,726,826
				4,677,540	4,677,540
<u>(5,687,985)</u>	<u>6,463,233</u>		<u>8,825,529</u>	<u>51,412,925</u>	<u>107,496,006</u>
<u>\$246,553</u>	<u>\$7,642,173</u>	<u>\$3,433,616</u>	<u>\$11,532,058</u>	<u>\$55,426,682</u>	<u>\$138,034,663</u>

CITY OF ALAMEDA
Reconciliation of
GOVERNMENTAL FUNDS -- FUND BALANCE
with
GOVERNMENTAL NET ASSETS
JUNE 30, 2006

Total fund balances reported on the governmental funds balance sheet	\$107,496,006
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Amounts reported for Governmental Activities in the Statement of Net Assets
are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	244,085,827
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ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance, central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.

Cash and investments	2,706,179
Accounts receivable	63,091
Prepays and deposits	154,003
Accounts payable	(420,194)
Accrued payroll	(7,849)
Claims payable	(6,903,318)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	8,492,517
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LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Interest payable	(1,753,884)
Net pension obligation	(508,000)
Long-term debt	(112,794,932)
Non-current portion of compensated absences	(6,871,894)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$233,737,552</u></u>
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See accompanying notes to financial statements

CITY OF ALAMEDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2006

	General	West End Community Improvement Project Area Special Revenue	Business and Waterfront Improvement Project Area Special Revenue	Alameda Point Improvement Project Area Special Revenue
REVENUES				
Property taxes	\$18,762,495	\$5,231,469	\$6,558,925	\$389,187
Other local taxes	27,060,276			
Licenses and permits	4,299,466			
Revenues from other agencies	9,183,879	553,590		
Charges for current services	6,440,142			
Fines and forfeitures	724,242			
Use of money and property	804,682	1,047,519	137,289	4,536
Affordable housing fee				
Other			45	
Total Revenues	<u>67,275,182</u>	<u>6,832,578</u>	<u>6,696,259</u>	<u>393,723</u>
EXPENDITURES				
Current:				
General government	6,742,450	5,916,398	395,687	406,544
Police	24,563,122			
Fire	22,795,320			
Public works	5,711,573			
Development services	3,129,850			
Culture and recreation	3,696,467			
Housing and community services		413,783	2,108,286	77,838
Capital outlay	547,956	635	1,058	
Debt service:				
Principal	107,359	115,000		
Interest and fiscal charges	19,029	133,249	14,136	54,696
Total Expenditures	<u>67,313,126</u>	<u>6,579,065</u>	<u>2,519,167</u>	<u>539,078</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(37,944)</u>	<u>253,513</u>	<u>4,177,092</u>	<u>(145,355)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 3)	6,785,401		896,529	494,302
Transfers (out) (Note 3)	(4,303,876)	(14,454,969)	(2,700,278)	(127,686)
Sale of capital assets	16,350			
Loan proceeds		347,500	347,500	
Total Other Financing Sources (Uses)	<u>2,497,875</u>	<u>(14,107,469)</u>	<u>(1,456,249)</u>	<u>366,616</u>
NET CHANGE IN FUND BALANCES	2,459,931	(13,853,956)	2,720,843	221,261
BEGINNING FUND BALANCES (DEFICITS)	<u>22,113,795</u>	<u>32,938,083</u>	<u>1,120,099</u>	<u>(1,237,752)</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$24,573,726</u>	<u>\$19,084,127</u>	<u>\$3,840,942</u>	<u>(\$1,016,491)</u>

See accompanying notes to financial statements

<u>FISC Lease Revenue Special Revenue</u>	<u>Alameda Reuse and Redevelopment Authority Special Revenue</u>	<u>HOME Repayment Special Revenue</u>	<u>Capital Improvement Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
				\$6,377,995	\$37,320,071
				621,862	27,682,138
				17,343	4,316,809
\$9,505,385	\$1,026,433		\$9,254,391	6,105,592	35,629,270
17,710			1,053,158	3,194,671	10,705,681
				217,551	941,793
743,981	10,510,993	\$64,724	215,802	2,262,059	15,791,585
				173,871	173,871
822,077	81,029		78,714	12,507	994,372
<u>11,089,153</u>	<u>11,618,455</u>	<u>64,724</u>	<u>10,602,065</u>	<u>18,983,451</u>	<u>133,555,590</u>
				1,700,141	15,161,220
					24,563,122
					22,795,320
341,476	8,148,441			1,408,944	7,120,517
				1,057,608	12,677,375
		64,724		2,635,162	6,331,629
				1,704,978	4,369,609
17,439,320			19,830,667	1,685,367	39,505,003
			16,936	1,325,000	1,564,295
168,154			1,403	5,642,764	6,033,431
<u>17,948,950</u>	<u>8,148,441</u>	<u>64,724</u>	<u>19,849,006</u>	<u>17,159,964</u>	<u>140,121,521</u>
(6,859,797)	3,470,014		(9,246,941)	1,823,487	(6,565,931)
8,957,816	653,250		5,843,530	17,724,192	41,355,020
(9,394,845)	(2,669,581)		(864,077)	(6,562,507)	(41,077,819)
5,160,354					5,176,704
			336,874		1,031,874
<u>4,723,325</u>	<u>(2,016,331)</u>		<u>5,316,327</u>	<u>11,161,685</u>	<u>6,485,779</u>
(2,136,472)	1,453,683		(3,930,614)	12,985,172	(80,152)
<u>(3,551,513)</u>	<u>5,009,550</u>		<u>12,756,143</u>	<u>38,427,753</u>	<u>107,576,158</u>
<u>(\$5,687,985)</u>	<u>\$6,463,233</u>		<u>\$8,825,529</u>	<u>\$51,412,925</u>	<u>\$107,496,006</u>

CITY OF ALAMEDA
Reconciliation of the
NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
with the change in
GOVERNMENTAL NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$80,152)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay and other capitalized expenditures are therefore added back to fund balance	44,115,946
Depreciation expense is deducted from fund balance	(7,115,840)
Net retirements of capital assets are deducted from fund balance	(675,572)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Proceeds from the issuance of debt are deducted from fund balance	(1,031,874)
Repayment of debt principal is added back to fund balance	1,564,295
Loan reduction is added back to fund balance	25,500

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Deferred revenue	(132,597)
Interest payable	160,378
Net pension obligation	(437,000)
Compensated absences	(2,132,543)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds	<u>(1,126,833)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$33,133,708</u>
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See accompanying notes to financial statements

CITY OF ALAMEDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$17,330,740	\$18,430,123	\$18,762,495	\$332,372
Other local taxes	28,027,168	25,737,665	27,060,276	1,322,611
Licenses and permits	3,165,628	4,531,348	4,299,466	(231,882)
Revenues from other agencies	5,771,037	9,230,399	9,183,879	(46,520)
Charges for current services	8,419,624	5,490,602	6,440,142	949,540
Fines and forfeitures	608,075	658,075	724,242	66,167
Use of money and property	1,820,100	1,879,195	804,682	(1,074,513)
Total Revenues	65,142,372	65,957,407	67,275,182	1,317,775
EXPENDITURES:				
Current:				
General government	6,073,249	7,103,155	6,742,450	360,705
Police	22,099,935	24,563,136	24,563,122	14
Fire	18,958,000	22,527,592	22,795,320	(267,728)
Public works	6,454,859	6,492,133	5,711,573	780,560
Development services	3,353,033	3,549,878	3,129,850	420,028
Culture and recreation	3,623,116	3,878,048	3,696,467	181,581
Capital outlay	55,250	660,543	547,956	112,587
Debt service:				
Principal		78,358	107,359	(29,001)
Interest and fiscal charges		60,623	19,029	41,594
Total Expenditures	60,617,442	68,913,466	67,313,126	1,600,340
NET CHANGE IF FUND REVENUES	4,524,930	(2,956,059)	(37,944)	2,918,115
OTHER FINANCING SOURCES (USES)				
Transfers in	4,239,059	6,941,621	6,785,401	(156,220)
Transfers (out)	(4,073,273)	(7,049,892)	(4,303,876)	2,746,016
Sale of capital assets		37,895	16,350	(21,545)
Total other financing sources (uses)	165,786	(70,376)	2,497,875	2,568,251
NET CHANGE IN FUND BALANCE	4,690,716	(3,026,435)	2,459,931	5,486,366
Beginning fund balance	22,113,795	22,113,795	22,113,795	
Ending fund balance	\$26,804,511	\$19,087,360	\$24,573,726	\$5,486,366

See accompanying notes to financial statements

CITY OF ALAMEDA
WEST END COMMUNITY IMPROVEMENT PROJECT AREA
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$4,752,629	\$5,194,514	\$5,231,469	\$36,955
Revenues from other agencies	150,000	703,590	553,590	(150,000)
Use of money and property		1,084,793	1,047,519	(37,274)
Total Revenues	4,902,629	6,982,897	6,832,578	(150,319)
EXPENDITURES:				
Current:				
General government	1,420,802	18,780,363	5,916,398	12,863,965
Housing and community services	675,000	691,210	413,783	277,427
Capital outlay	13,806,000	1,680	635	1,045
Debt service:				
Principal retirements	60,460	115,000	115,000	
Interest and fiscal charges	3,395,669	139,250	133,249	6,001
Total Expenditures	19,357,931	19,727,503	6,579,065	13,148,438
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,455,302)	(12,744,606)	253,513	12,998,119
OTHER FINANCING SOURCES (USES)				
Transfers in		269,784		(269,784)
Transfers (out)	(100,000)	(4,948,936)	(14,454,969)	(9,506,033)
Transfers to City of Alameda	(114,953)			
Loan proceeds		347,500	347,500	
Total other financing sources (uses)	(214,953)	(4,331,652)	(14,107,469)	(9,775,817)
NET CHANGE IN FUND BALANCE	(\$14,670,255)	(\$17,076,258)	(13,853,956)	\$3,222,302
Beginning fund balance			32,938,083	
Ending fund balance			\$19,084,127	

See accompanying notes to financial statements

CITY OF ALAMEDA
BUSINESS AND WATERFRONT IMPROVEMENT PROJECT AREA
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$4,060,541	\$6,598,125	\$6,558,925	(\$39,200)
Other taxes	1,053,058			
Use of money and property		144,400	137,289	(7,111)
Other		100,000	45	(99,955)
Total Revenues	5,113,599	6,842,525	6,696,259	(146,266)
EXPENDITURES:				
Current:				
General government	1,378,494	2,918,977	395,687	2,523,290
Housing and community services	1,180,776	1,390,265	2,108,286	(718,021)
Capital outlay	500,000	1,050	1,058	(8)
Debt service:				
Interest and fiscal charges	1,141,461		14,136	(14,136)
Total Expenditures	4,200,731	4,310,292	2,519,167	1,791,125
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	912,868	2,532,233	4,177,092	1,644,859
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	335,348	896,529	561,181
Transfers (out)	(206,065)	(2,072,215)	(2,700,278)	(628,063)
Loan proceeds		350,000	347,500	(2,500)
Total other financing sources (uses)	(106,065)	(1,386,867)	(1,456,249)	(69,382)
NET CHANGE IN FUND BALANCE	\$806,803	\$1,145,366	2,720,843	\$1,575,477
Beginning fund balance			1,120,099	
Ending fund balance			\$3,840,942	

See accompanying notes to financial statements

CITY OF ALAMEDA
ALAMEDA POINT IMPROVEMENT PROJECT AREA
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$756,367	\$481,970	\$389,187	(\$92,783)
Use of money and property		7,100	4,536	(2,564)
Total Revenues	756,367	489,070	393,723	(95,347)
EXPENDITURES:				
Current:				
General government	374,395	439,011	406,544	32,467
Housing and community services	139,925	129,925	77,838	52,087
Debt service:				
Interest and fiscal charges	74,853	55,360	54,696	664
Total Expenditures	589,173	624,296	539,078	85,218
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	167,194	(135,226)	(145,355)	(10,129)
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	500,000	494,302	(5,698)
Transfers (out)	(127,686)	(127,686)	(127,686)	
Total other financing sources (uses)	(27,686)	372,314	366,616	(5,698)
NET CHANGE IN FUND BALANCE	\$139,508	\$237,088	221,261	(\$15,827)
Beginning fund balance (deficit)			(1,237,752)	
Ending fund balance (deficit)			(\$1,016,491)	

See accompanying notes to financial statements

CITY OF ALAMEDA
FISC LEASE REVENUE
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Revenues from other agencies		\$9,505,385	\$9,505,385	
Charges for current services		17,710	17,710	
Use of money and property		775,000	743,981	(\$31,019)
other		3,821,176	822,077	(2,999,099)
Total Revenues		14,119,271	11,089,153	(3,030,118)
EXPENDITURES:				
Current:				
Development services		5,388,473	341,476	5,046,997
Capital outlay		17,439,320	17,439,320	
Interest and fiscal charges			168,154	(168,154)
Total Expenditures		22,827,793	17,948,950	4,878,843
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(8,708,522)	(6,859,797)	1,848,725
OTHER FINANCING SOURCES (USES)				
Transfers in		8,957,816	8,957,816	
Transfers (out)		(5,309,458)	(9,394,845)	(4,085,387)
Sale of capital assets		5,160,354	5,160,354	
Total other financing sources (uses)		8,808,712	4,723,325	(4,085,387)
NET CHANGE IN FUND BALANCE		100,190	(2,136,472)	(2,236,662)
Beginning fund balance	(\$3,551,513)	(3,551,513)	(3,551,513)	
Ending fund balance	(\$3,551,513)	(\$3,451,323)	(\$5,687,985)	(\$2,236,662)

See accompanying notes to financial statements

CITY OF ALAMEDA
ALAMEDA REUSE AND REDEVELOPMENT AREA
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Revenue from other agencies		\$246,415	\$1,026,433	\$780,018
Use of money and property	\$12,162,174	12,162,174	10,510,993	(1,651,181)
Other			81,029	81,029
Total Revenues	12,162,174	12,408,589	11,618,455	(790,134)
EXPENDITURES:				
Current:				
Development services	9,391,134	9,641,572	8,148,441	1,493,131
Total Expenditures	9,391,134	9,641,572	8,148,441	1,493,131
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,771,040	2,767,017	3,470,014	702,997
OTHER FINANCING SOURCES (USES)				
Transfers in	1,065,232	1,068,817	653,250	(415,567)
Transfers (out)	(2,024,000)	(2,024,000)	(2,669,581)	(645,581)
Total other financing sources (uses)	(2,024,000)	(955,183)	(2,016,331)	(1,061,148)
NET CHANGE IN FUND BALANCE	\$747,040	\$1,811,834	1,453,683	(\$358,151)
Beginning fund balance			5,009,550	
Ending fund balance			\$6,463,233	

See accompanying notes to financial statements

CITY OF ALAMEDA
HOME REPAYMENT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property		\$64,724	\$64,724	
Total Revenues		64,724	64,724	
EXPENDITURES:				
Current:				
Development services		64,724	64,724	
Total Expenditures		64,724	64,724	
NET CHANGE IN FUND BALANCE				
Beginning fund balance				
Ending fund balance				

See accompanying notes to financial statements

CITY OF ALAMEDA, CALIFORNIA

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

FERRY SERVICES

This fund accounts for all financial transactions relating to the City's ferry services including but not limited to the contractual payments to the operators and ferry vessel acquisition and maintenance.

GOLF COURSE

The City operates two 18-hole and one 9-hole municipal golf courses. This fund accounts for all financial transactions relating to these golf facilities, including but not limited to operations and maintenance.

SEWER SERVICES

The City operates its own sewer system and this fund accounts for all financial transactions relating to this municipal activity including, but not limited to operations, maintenance, financing and related debt services, billing and collection.

CITY OF ALAMEDA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Ferry Services	Golf Course	Sewer Services	Totals	
ASSETS					
Current Assets					
Cash and cash equivalents (Note 2)		\$2,644,842	\$16,908,486	\$19,553,328	\$2,706,179
Accounts receivable		7,629	283,785	291,414	63,091
Materials, parts and supplies		77,072		77,072	
Prepays, deposits and bond discounts	\$118,642		490,551	609,193	154,003
Due from other governments	21,024			21,024	
Total Current Assets	139,666	2,729,543	17,682,822	20,552,031	2,923,273
Noncurrent Assets					
Restricted cash and investments (Note 2)			1,145,471	1,145,471	
Advances to other funds (Note 3)		300,000		300,000	
Capital assets (Note 5):					
Non-depreciable		218,980		218,980	
Depreciable, net	9,330,479	3,963,985	37,627,909	50,922,373	758,430
Total Assets	9,470,145	7,212,508	56,456,202	73,138,855	3,681,703
LIABILITIES					
Current Liabilities:					
Accounts payable	41,202	118,166	581,268	740,636	420,194
Claims payable (Note 10)					6,903,318
Accrued payroll		29,932	13,294	43,226	7,849
Interest payable			253,154	253,154	
Due to other funds (Note 3)	66,723			66,723	
Deferred revenue		172,920		172,920	
Refundable deposits	25			25	
Compensated absences (Note 1)		97,287	76,402	173,689	
Total Current Liabilities	107,950	418,305	924,118	1,450,373	7,331,361
Long-term debt (Note 6)					
Due within one year		254,688	588,053	842,741	231,522
Due in more than one year			8,692,386	8,692,386	665,732
Total Liabilities	107,950	672,993	10,204,557	10,985,500	8,228,615
NET ASSETS (Note 8)					
Invested in capital assets, net of related debt	9,330,479	3,928,277	28,347,470	41,606,226	3,214
Restricted for debt service			1,145,471	1,145,471	
Unrestricted	31,716	2,611,238	16,758,704	19,401,658	(4,550,126)
Total Net Assets (Deficit)	\$9,362,195	\$6,539,515	\$46,251,645	\$62,153,355	(\$4,546,912)

See accompanying notes to financial statements

CITY OF ALAMEDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Ferry Services	Golf Course	Sewer Services	Totals	
OPERATING REVENUES					
Charges for services		\$3,859,518	\$5,252,893	\$9,112,411	\$6,551,578
Miscellaneous			257,810	257,810	
Total Operating Revenues		3,859,518	5,510,703	9,370,221	6,551,578
OPERATING EXPENSES					
General, administrative and selling	\$63,120	426,574	662,193	1,151,887	73,849
Wages and benefits		2,315,555	1,441,421	3,756,976	637,157
Insurance					3,969,402
Contractual services	2,824,236	813,079	391,850	4,029,165	2,208,181
Depreciation	433,748	360,283	645,242	1,439,273	94,804
Supplies and maintenance	157,890	576,077	115,261	849,228	779,468
Total Operating Expenses	3,478,994	4,491,568	3,255,967	11,226,529	7,762,861
Operating Income (Loss)	(3,478,994)	(632,050)	2,254,736	(1,856,308)	(1,211,283)
NONOPERATING REVENUES (EXPENSES)					
Operating grants and contributions	2,279,492			2,279,492	
Interest income	204	46,453	288,287	334,944	
Rent and other	273,665	37,540		311,205	
Interest, fiscal charges and lease (expense)		(16,836)	(500,117)	(516,953)	(45,427)
Total Nonoperating Revenues (Expenses)	2,553,361	67,157	(211,830)	2,408,688	(45,427)
Income (Loss) Before Contributions and Transfers	(925,633)	(564,893)	2,042,906	552,380	(1,256,710)
Transfers in (Note 3)	467,426		106,834	574,260	225,776
Transfers (out) (Note 3)		(560,353)	(420,985)	(981,338)	(95,899)
Change in net assets	(458,207)	(1,125,246)	1,728,755	145,302	(1,126,833)
BEGINNING NET ASSETS (DEFICITS)	9,820,402	7,664,761	44,522,890	62,008,053	(3,420,079)
ENDING NET ASSETS (DEFICITS)	\$9,362,195	\$6,539,515	\$46,251,645	\$62,153,355	(\$4,546,912)

See accompanying notes to financial statements

CITY OF ALAMEDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Ferry Services	Golf Course	Sewer Services	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		\$3,851,889	\$5,521,293	\$9,373,182	\$6,587,730
Payments to suppliers	(\$3,290,935)	(1,365,778)	46,039	(4,610,674)	(3,012,817)
Payments to employees	(63,120)	(2,737,211)	(2,087,812)	(4,888,143)	(709,720)
Claims paid					(3,907,449)
Cash Flows from Operating Activities	(3,354,055)	(251,100)	3,479,520	(125,635)	(1,042,256)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants and contributions	2,687,369			2,687,369	
Interfund payments	(74,609)			(74,609)	
Transfers in	467,426		106,834	574,260	129,877
Transfers (out)		(560,353)	(420,985)	(981,338)	
Cash Flows from Noncapital Financing Activities	3,080,186	(560,353)	(314,151)	2,205,682	129,877
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets		(44,071)	(913,729)	(957,800)	
Principal payments on capital debt		(93,612)	(563,839)	(657,451)	(229,109)
Interest paid		(16,836)	(397,272)	(414,108)	(45,427)
Cash Flows from Capital and Related Financing Activities		(154,519)	(1,874,840)	(2,029,359)	(274,536)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net purchase of investments			(38,581)	(38,581)	
Interest income	204	46,453	288,287	334,944	
Rent and other	273,665	37,540		311,205	
Cash Flows from Investing Activities	273,869	83,993	249,706	607,568	
Net Cash Flows		(881,979)	1,540,235	658,256	(1,186,915)
Cash and investments at beginning of period		3,526,821	15,368,251	18,895,072	3,893,094
Cash and investments at end of period		\$2,644,842	\$16,908,486	\$19,553,328	\$2,706,179
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	(\$3,478,994)	(\$632,050)	\$2,254,736	(\$1,856,308)	(\$1,211,283)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	433,748	360,283	645,242	1,439,273	94,804
Change in assets and liabilities:					
Accounts receivable		(7,629)	(32,068)	(39,697)	36,152
Materials, parts and supplies		(1,634)		(1,634)	
Prepays and deposits					(51,920)
Deposits and bond discounts	(33,085)		42,658	9,573	
Accounts payable	(275,724)	(4,125)	553,150	273,301	26,752
Claims payable					61,953
Accrued payroll		5,425	3,227	8,652	1,286
Deferred revenue		29,137		29,137	
Compensated absences		(507)	12,575	12,068	
Cash Flows from Operating Activities	(3,354,055)	(251,100)	3,479,520	(125,635)	(1,042,256)

See accompanying notes to financial statements

CITY OF ALAMEDA, CALIFORNIA

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Pension Trust Funds are used to account for the resources accumulated by the City for the payment of pension benefits on behalf of retirees in the City's pension plans.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments.

CITY OF ALAMEDA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

	Pension Trust Funds	Agency Funds
	<hr/>	<hr/>
ASSETS		
Restricted cash and investments (Note 2)		\$56,145,443
Accounts receivable	<hr/>	41,991
Total Assets	<hr/>	56,187,434
	<hr/>	<hr/>
LIABILITIES		
Refundable deposits		133,012
Due to assessment districts	<hr/>	56,054,422
Total Liabilities	<hr/>	\$56,187,434
	<hr/>	<hr/>
NET ASSETS		
Reserved for:		
Employees' pension benefits	<hr/>	
Total Net Assets	<hr/>	
	<hr/>	

See accompanying notes to financial statements

CITY OF ALAMEDA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Pension Trust Funds
	<u> </u>
ADDITIONS	
Employer contributions	<u>\$3,139,003</u>
Total Additions	<u>3,139,003</u>
 DEDUCTIONS	
Retirements and other benefits	3,132,427
Contractual services	<u>6,576</u>
Total Deductions	<u>3,139,003</u>
 CHANGE IN NET ASSETS	
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u> </u>
NET ASSETS, END OF YEAR	<u> </u>

See accompanying notes to financial statements

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Alameda, California occupies the island of Alameda in the San Francisco Bay. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, development services, public improvements, planning and zoning and general administration services.

A. *Reporting Entity*

The City is governed by a five-member council elected by City residents. The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees and sue or be sued. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

PRIMARY GOVERNMENT

The financial statements of the primary government of the City of Alameda include the activities of the City as well as the Community Improvement Commission of the City of Alameda, Alameda Public Finance Authority, the City of Alameda Police and Fire Retirement System Pension Plans 1079 and 1082, and the Alameda Reuse and Redevelopment Authority all of which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blending") with those of the primary government of the City in the accompanying financial statements.

BLENDED COMPONENT UNITS

The Community Improvement Commission of the City of Alameda was established to assist in the clearance and rehabilitation of City areas determined to be in a declining condition. The Commission has the same governing board as the City, all accounting and administrative functions are performed by City staff and the Commission receives advances from the City to finance operations. The financial activities of the Commission have been included in the West End Community Improvement Project Area, Business and Waterfront Improvement Project Area, Alameda Point Improvement Project Area Special Revenue Funds, and Community Improvement Commission Subordinate Tax Allocation Bonds, Community Improvement Commission 2003 Tax Allocation Bonds BWIP, and Community Improvement Commission 2003 Tax Allocation Bonds Debt Service Funds.

The Alameda Public Financing Authority is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Community Improvement Commission Subordinate Tax Allocation Bonds, and Community Facility District Special Tax Bonds Debt Service Funds.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Alameda Reuse and Redevelopment Authority (ARRA) is a separate government entity whose purpose is to assure the effective transition of the Alameda Naval Air Station from federal ownership to local ownership. The ARRA is responsible for the development of an Interim Reuse Strategy, taking title to base lands, and implementation of the Community Reuse Plan. The ARRA is recognized by the Department of Defense as the responsible entity for submitting and completing the Community Reuse Plan for the 1997 decommissioning of the Naval Air Station. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Alameda Reuse and Redevelopment Authority Special Revenue, Debt Service and Capital Projects Funds.

DISCRETELY PRESENTED COMPONENT UNITS

The two component units below are legally separate from the City. However, City Council appoints the members of their governing boards, approves their budgets and, in the case of the Housing Authority of the City of Alameda, provides financial assistance.

The Housing Authority of the City of Alameda, California was established to provide housing for the City's low-and-moderate-income residents. The financial activities of the Authority have been included discretely in the Housing Authority Component Unit columns of the Statement of Net Assets and Statement of Activities.

Alameda Power and Telecom (Alameda P&T), was established to provide electricity to the City of Alameda. The Charter was amended in 1998 to allow provision of telecommunications services as well. The financial activities of the Alameda P&T are discretely included in the Alameda P&T Component Unit columns of the Statement of Net Assets and Statement of Activities.

Component unit financial statements for the Housing Authority may be obtained from the Housing Authority of Alameda, 701 Atlantic Avenue, Alameda, CA 94501. Component unit financial statements for the Alameda P&T may be obtained from the City of Alameda Power & Telecom, 2000 Grand Street, Alameda, CA 94501. Component unit financial statements for all other component units may be obtained from the City of Alameda, Finance Department, 2263 Santa Clara, Alameda, CA 94501.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government, the City and its blended component units. These statements include the financial activities of the overall City government, except for fiduciary activities.

Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. *Operating* revenues, such as charges for services, and expenses, such as contractual services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as investment earnings, and expenses, such as interest expenses, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

GENERAL FUND - The General Fund is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

WEST END COMMUNITY IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND - This fund accounts for the tax increment proceeds and associated redevelopment project costs for the West End Community Improvement Project.

BUSINESS AND WATERFRONT IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND - This fund accounts for the tax increment proceeds and associated redevelopment project costs for the Business and Waterfront Improvement Project.

ALAMEDA POINT COMMUNITY IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND - This fund accounts for the tax increment proceeds and associated redevelopment project costs for the proposed Alameda Point Improvement Project.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FISC LEASE SPECIAL REVENUE FUND – This Fund accounts for revenue from the Fleet Industrial Supply Center (FISC) lease and related capital improvement expenditures.

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND - This fund accounts for the lease and rental activities, as well as the general operations associated with the reuse of the Alameda Naval Base.

HOME REPAYMENT SPECIAL REVENUE FUND - This fund accounts for County disbursed HOME funds for HOME eligible activities in the City.

CAPITAL IMPROVEMENT PROJECTS FUND - This fund accounts for monies for major capital improvement projects not provided for in one of the other capital projects funds.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

FERRY SERVICES - This fund accounts for all financial transactions relating to the City's ferry services including but not limited to the contractual payments to the operators and ferry vessel acquisition and maintenance.

GOLF COURSE - The City operates two 18-hole and one 9-hole municipal golf courses. This fund accounts for all financial transactions relating to these golf facilities, including but not limited to operations and maintenance.

SEWER SERVICES - The City operates its own sewer system and this fund accounts for all financial transactions relating to this municipal activity including, but not limited to operations, maintenance, financing and related debt service, billing and collection.

The City also reports the following fund types:

Internal Service Funds - The funds account for central stores, central garage, technology services, workers' compensation insurance and claims, risk management insurance and claims, dental insurance, unemployment insurance and post-employment benefits, all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds - Pension Trust Funds and Agency Funds are used to account for assets held by the City as an agent for the Police and Fire Pension Plans, certain assessment districts in the City, and the Waste Manager Joint Refuse Rate Review Committee Trust. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are generally collected within forty-five days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on governmental long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are taxes, special assessments, intergovernmental revenues, use of money and property revenue, charges for services, fines and penalties, and license and permit revenues. Sales taxes collected and held by the State at year-end on behalf of the City are also recognized as revenue.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred, except for revenues from electricity and sewer customers, which are recognized based on cycle billings. Revenues for services provided but not billed at the end of a fiscal period are not material and are not accrued.

The City follows those Financial Accounting Standard Board Statements issued on or before November 30, 1989 unless they conflict with Governmental Accounting Standards Board Statements.

E. Budgets and Budgetary Accounting

The City adopts a budget biennially for all funds. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted by the City Council, and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budgeted amounts between departments and line items within any fund. However, any revisions which alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. All appropriations lapse at year end. Supplemental reductions in appropriations were adopted by City Council and have been included in the budget versus actual statements.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except for Capital Project Funds which budget on a project length basis and therefore are not comparable on an annual basis.

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end lapse and must be reappropriated as part of the following year budget.

F. Materials, Parts and Supplies

Materials, parts and supplies are held for consumption and are valued at average cost. Enterprise fund supplies consist of materials and supplies for the golf shop which are held for resale to the public. General fund supplies are recorded as expenditure at the time individual supply items are purchased.

G. Deferred Compensation Plans

City employees may defer a portion of their compensation under four separate, optional City sponsored deferred compensation plans created in accordance with Internal Revenue Code Section 457. Under these Plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plans.

The City has a Deferred Compensation Plan administration agreement with ICMA, PERS, Nationwide Retirement Solutions, Inc., and ITT Hartford Life Insurance Companies to provide for the administration and management of employees deferred compensation plan assets. These agreements incorporate changes in the laws governing deferred compensation plan assets, which require plan assets to be held for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

H. Post Employment Benefits Other than Pensions

GASB Statement No. 45 (GASB 45") of the Governmental Accounting Standards Board, *Accounting by Employers for Other Postemployment Benefits* ("OPEB"), requires state and local governments to account for and report their costs associated with post-employment healthcare benefits and other non-pension benefits. GASB 45 generally requires that employers account for and report the annual cost of the OPEBs and the outstanding obligations and commitments related to OPEBs in essentially the same manner as they currently do for pensions. Under previous rules, OPEBs generally were administered on a pay-as-you-go basis and were not reported as a liability on governmental financial statements. Only current payments to exiting retirees were recorded as an expense.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 45 requires that state and local governments adopt actuarial methodologies to determine annual OPEB costs. Annual OPEB costs for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. GASB 45 does not require that the unfunded liabilities actually be funded, only that employers account for unfunded accrued liability and compliance in meeting the Annual Required Contribution (the sum of the present value of future benefits being earned by current employees plus amortization of benefits already earned by current and former employees but not yet provided for). Actuarial valuations will be required every two years. The city is aware of and is actively working to assess the accounting implications of GASB Statement No 45, if any, which will be applicable to its financial statements beginning in Fiscal Year 2008. The City expects to be in compliance with the reporting requirements of GASB 45 by such date.

As of January 1, 2005, the date of the latest actuarial valuation, there were 247 retirees and 685 active employees. The present value of all expected future benefits based on certain actuarial assumptions (a measure of the total liability or obligation) was \$108,720,000. The Accrued Actuarial Liability or obligation for benefits earned through the valuation date was \$70,012,000. The Annual Required Contribution, the value of benefits being earned during a year plus the amortized unfunded liability, was \$6,675,000. The City of Alameda funds this program on a pay-as-you-go basis. During the year ended June 30, 2006, benefits totaling \$1,372,366 were paid.

I. *Compensated Absences*

The liability for compensated absences includes the vested portions of vacation, sick leave and compensated time off. For all governmental funds, a liability of these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. The remaining portion is recorded as a liability in the Statement of Net Assets. Proprietary funds' liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually.

Compensated absences activity for the year ended June 30, 2006 is as follows:

	Primary Government			Component Units		Total
	Governmental Activities	Business-Type Activities	Subtotal	Housing Authority	Power & Telecom	
Beginning Balance	\$4,739,351	\$161,621	\$4,900,972	\$139,564	\$545,359	\$5,585,895
Additions	5,164,128	115,915	5,280,043		428,226	5,708,269
Payments	(3,031,585)	(103,847)	(3,135,432)		(442,870)	(3,578,302)
Ending Balance	<u>\$6,871,894</u>	<u>\$173,689</u>	<u>\$7,045,583</u>	<u>\$139,564</u>	<u>\$530,715</u>	<u>\$7,715,862</u>
Current Portion	<u>\$3,031,585</u>	<u>\$173,689</u>	<u>\$3,205,274</u>	<u>\$13,956</u>	<u>\$530,715</u>	<u>\$3,749,945</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Property Tax

Alameda County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided that they become available as defined above.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables in the fiscal year of levy, provided that they are collected within the fiscal year or within forty five days of year-end.

K. Purchased Power Balancing Account

The Purchased Power Balancing Account is used by Alameda P&T to help stabilize rates over the short term. Specifically, the balancing account accumulates differences between the actual cost of purchased power and the revenues designated for recovery of such costs. Deferred amounts are refunded to or recovered from customers through authorized rate adjustments. The effect of using the balancing account is that unanticipated changes in sales levels and purchased power costs do not immediately affect Alameda P&T's rate payers because they are included in operating expenses as they are matched by revenues.

L. Transfer from Alameda P&T

The City Charter provides that Alameda P&T transfer to the City's General Fund certain excess earnings as defined in the Charter. During fiscal year 2006, there were no excess earnings to be transferred. However, the Public Utilities Board by resolution has directed that \$2,500,000 be contributed to the City's General Fund. In accordance with these provisions, Alameda P&T contributed \$2,500,000 to the City's General Fund during the year ended June 30, 2006.

M. New Funds

During fiscal year 2006, the City established the following funds:

<u>Fund</u>	<u>Purpose</u>
Transportation Improvement Fund	To record allocation of Traffic Congestion Relief program funds under Proposition 42, and associated expenditures for the use of street and highway maintenance, rehabilitation, reconstruction and storm damage repairs.
Post Employment Fund	To Track all non-retirement post employment expenses

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents, the Alameda P&T and the Housing Authority so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Investment income is allocated among funds on the basis of average month-end cash and investment balances in these funds. Investments are carried at fair value.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law, this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and cash equivalents are considered to be liquid assets for purposes of measuring cash flows. Restricted cash and investments are not included for cash flow purposes.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements. Cash and investments as of June 30, 2006 are as follows:

Cash and investments available for operations:	
City	\$96,080,889
Housing Authority	8,203,664
Alameda Power & Telecom	19,361,637
Restricted cash and investments:	
City	38,299,454
Housing Authority	2,090,633
Alameda Power & Telecom	26,795,112
Total cash and investments of primary government	190,831,389
Restricted cash and investments	
in Fiduciary Funds (separate statement)	56,145,443
Total cash and investments	<u>\$246,976,832</u>

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$14,360
Deposits with financial institutions	10,122,459
Investments	236,840,013
Total cash and investments	<u>\$246,976,832</u>

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's investment policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

The City's investment policy and the California Government Code allow the City to invest in the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
Repurchase Agreements	270 Days	N/A	20%	No Limit
California Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$40,000,000 per account	\$40,000,000 per account
U. S. Treasury Bonds, Notes and Bills	5 Years	N/A	No Limit	No Limit
U.S. Agency and U.S. Government Sponsored				
Enterprise Securities	5 Years	N/A	75%	25% in each U.S. Agency
Bankers' Acceptances	180 Days	N/A	30%	30%
Commercial Papers	270 Days	A1, P1	25%	No Limit
Negotiable Certificates of Deposit	5 Years	AA	30%	No Limit
Time Certificates of Deposit	5 Years	N/A	30%	No Limit
Medium-Term Corporate Notes	5 Years	A	30%	No Limit
Money Market Mutual Funds	N/A	AAA	20%	No Limit
County Agency Investment Fund	Upon Demand	N/A	15%	No Limit
California Asset Management Program (CAMP)	Upon Demand	N/A	No Limit	No Limit

The Housing Authority's investment policy and the California Government Code allow the Authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Housing Authority; and approved percentages and maturities are not exceeded. The table also identifies certain provisions of the California Government Code, or the Housing Authority's Investment Policy where the Housing Authority's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Housing Authority, rather than the general provisions of the California Government Code or the Housing Authority's investment policy.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Housing Authority's investment policy and the California Government Code allow the Housing Authority to invest in the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
Repurchase Agreements	1 Year	N/A	No Limit	No Limit
California Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$40,000,000 per account	\$40,000,000 per account
U. S. Treasury Bonds, Notes and Bills	5 Years	N/A	No Limit	No Limit
U.S. Agency and U.S. Government Sponsored Enterprise Securities	5 Years	N/A	No Limit	No Limit
Bankers Acceptances	180 Days	N/A	40%	30%
Negotiable Certificates of Deposit	5 Years	AA	30%	No Limit
Time Certificates of Deposit	5 Years	N/A	30%	No Limit
Medium Term Corporate Notes	5 Years	N/A	30%	No Limit
Money Market Mutual Funds	N/A	AAA	20%	No Limit
County Agency Investment Fund	Upon Demand	N/A	30%	No Limit
Reverse Repurchase Agreements	92 days	N/A	No Limit	No Limit

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

Alameda P&T's investment policy and the California Government Code allow Alameda P&T to invest in the following, provided the credit ratings of the issuers are acceptable to Alameda P&T; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or Alameda P&T's investment policy where Alameda P&T's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of Alameda P&T, rather than the general provisions of the California Government Code or Alameda P&T's investment policy.

Alameda P&T's investment policy and the California Government Code allow Alameda P&T to invest in the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Municipal Bonds	5 years	N/A	No Limit	No Limit
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
State of California Obligations	5 years	N/A	No Limit	No Limit
CA Local Agency Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Securities (A)	5 years	N/A	No Limit	No Limit
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A1	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	No Limit
Repurchase Agreements	1 year	N/A	No Limit	No Limit
Reverse Repurchase Agreements (requires City Council approval)	92 days	N/A	20 % of base value	No Limit
Medium Term Corporate Notes	5 years	Top three ratings categories	30%	No Limit
Mutual Funds	N/A	Top rating category	20%	10%
Money Market Mutual Funds	N/A	Top rating category	20%	10%
Collateralized Bank Deposits	N/A	N/A	No Limit	No Limit
Mortgage Pass-Through Securities	5 Years	Top rating category	20%	No Limit
County Pooled Investment Funds	N/A	N/A	No Limit	No Limit
California Local Agency Investment Fund	N/A	N/A	\$40,000,000 per account	\$40,000,000 per account

(A) Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Loan Mortgage Corporation (FHLMC)

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum in Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Repurchase Agreements	30 days	Top Four Rating Categories	No Limit	No Limit
U. S. Treasury Bonds, Notes and Bills	No Limit	N/A	No Limit	No Limit
U.S. Agency and U.S. Government Sponsored Enterprise Securities	No Limit	No Limit	No Limit	No Limit
State Obligations	No Limit	Not lower than their bond rating	No Limit	No Limit
Commercial Papers	No Limit	A-1+	No Limit	No Limit
Negotiable Certificates of Deposit	No Limit	N/A	No Limit	No Limit
Time Certificates of Deposit	No Limit	N/A	No Limit	No Limit
Corporate Notes and Bonds	No Limit	Not lower than their bond rating	No Limit	No Limit
Guaranteed Investment Contracts	No Limit	Not lower than their bond rating	No Limit	No Limit
Shares of Beneficial Interest	No Limit	Top Rating Category	No Limit	No Limit
Money Market Mutual Funds	No Limit	AAm	20%	No Limit
Bankers' Acceptances	365 days	A-1+	30%	30%
Municipal Bonds*	No Limit	AAA	No Limit	No Limit
California Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$40,000,000 per account	\$40,000,000 per account
Investment Agreements	No Limit	N/A	No Limit	No Limit

* Comprises only debt issued by special assessment districts in the City of Alameda

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Housing Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Housing Authority fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with the Housing Authority's ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Repurchase Agreements	N/A	N/A	No Limit	No Limit
Government Obligations and	N/A	N/A	No Limit	No Limit
State of California Obligations	N/A	N/A	No Limit	No Limit
Commercial Paper	N/A	N/A	No Limit	No Limit
Bankers Acceptances	N/A	N/A	No Limit	No Limit
Certificates of Deposit	N/A	N/A	No Limit	No Limit
Time Deposits	N/A	N/A	No Limit	No Limit
Qualified Financial Institution				
General Obligations	Upon Demand	AAA	No Limit	No Limit
Money Market Mutual Funds	N/A	AAA	No Limit	No Limit

Alameda P&T must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if Alameda P&T fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Alameda P&T's ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2006:

Investment Type	12 Months or less	One to Five Years	Six to Ten Years	More than Ten Years	Total
U.S. Government-Sponsored Enterprise Agencies					
Non-callable	\$1,271,938	\$28,373,440			\$29,645,378
Callable	5,986,669				5,986,669
Corporate Securities	4,184,607	9,022,779			13,207,386
Guaranteed Investment Contracts			\$12,126,087	\$7,758,547	19,884,634
US Treasury Notes and Bills	1,971,102	12,258,521			14,229,623
Money Market Mutual Funds	16,652,284				16,652,284
California Local Agency Investment Fund	38,504,948				38,504,948
California Asset Management Program	3,702,749				3,702,749
Letter of Credit	245,640				245,640
Municipal Bonds	7,272,707	17,320,000	17,155,000		41,747,707
Total Investments	<u>\$79,792,644</u>	<u>\$66,974,740</u>	<u>\$29,281,087</u>	<u>\$7,758,547</u>	183,807,018
Cash deposits with banks and on hand					10,136,819
Total Cash and Investments					<u>\$193,943,837</u>

Information about the sensitivity of the fair values of Housing Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Housing Authority's investments by maturity:

	12 Months or less
<i>Investments :</i>	
Certificates of Deposit	\$190,746
US Treasury Notes and Bills	1,312,875
Local Agency Investment Fund	6,802,575
Total Investments	<u>\$8,306,196</u>

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of Alameda P&T's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Alameda P&T's investments by maturity:

	<u>12 Months or less</u>
<i>Investments :</i>	
Money Market Funds	\$26,795,112
Local Agency Investment Fund	15,412,666
Federal Agency Issue:	
Federal Home Loan Bank	499,920
Certificates of Deposit	<u>2,019,100</u>
Total Investments	<u>44,726,798</u>
<i>Cash with Banks and Petty Cash</i>	<u>1,429,951</u>
Total Cash and Investments	<u><u>\$46,156,749</u></u>

The Alameda Public Financing Authority repurchased several outstanding Special Assessment Debt issues and holds them as investments. These investments were specifically authorized by City Council. At June 30, 2006, these investments comprised the following: \$315,000 of Marina Village Series 86-1 Assessment Bonds; \$95,000 of Marina Village Series 86-2 Assessment Bonds; \$22,605,000 of Alameda Marina Village 89-1 Assessment Bonds; and \$17,085,000 of Harbor Bay Business Assessment District 92-1 Revenue Bonds Series 1998. These investments are reported with Municipal Bonds in the table above.

The City, Alameda P&T and the Housing Authority are voluntary participants in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City, Alameda P&T and the Housing Authority report their investments in LAIF at the fair value amounts provided by LAIF, which is the same as the value of the pool share. At June 30, 2006 the fair value approximated is the City, Alameda P&T and the Housing Authority's cost. The balance available for withdrawal on demand, is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2006, these investments have an average maturity of 152 days.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2006 for each City's investment type as provided by Standard and Poor's except as noted:

Investment Type	AAA	AA	AA-	A+	A	Moody's A1	AAAm	Total
U.S. Government-Sponsored								
Enterprise Agencies								
Non-callable	\$29,645,378							\$29,645,378
Callable	5,986,669							5,986,669
Corporate Securities	1,865,928		\$4,949,139	\$5,643,319	\$749,000			13,207,386
Guaranteed Investment Contracts	5,487,221	\$829,955	11,492,337			\$2,075,121		19,884,634
Money Market Mutual Funds	16,652,284							16,652,284
California Asset Management Program							\$3,702,749	3,702,749
Totals	<u>\$59,637,480</u>	<u>\$829,955</u>	<u>\$16,441,476</u>	<u>\$5,643,319</u>	<u>\$749,000</u>	<u>\$2,075,121</u>	<u>\$3,702,749</u>	<u>89,079,100</u>
<i>Not rated:</i>								
California Local Agency Investment Fund								38,504,948
Letter of Credit								245,640
Municipal Bonds								<u>41,747,707</u>
Total not rated								<u>80,498,295</u>
<i>Exempt:</i>								
US Treasury Notes and Bills								<u>14,229,623</u>
Total Investments								<u>\$183,807,018</u>

Presented below is the actual rating as of June 30, 2006 for each Housing Authority investment type:

Investment Type	
<i>Not rated:</i>	
Certificates of Deposit	\$190,746
California Local Agency Investment Fund	6,802,575
<i>Exempt:</i>	
US Treasury Notes and Bills	<u>1,312,875</u>
Total Investments	<u>\$8,306,196</u>

Presented below is the actual rating as of June 30, 2006 for each Alameda P&T investment type as provided by Standard and Poor's:

Investments with Fiscal Agent	Not Rated	AAA	Total
Money Market Mutual Funds		\$26,795,112	\$26,795,112
Federal Agency Issues:			
Federal Home Loan Bank		499,920	499,920
Local Agency Investment Fund	\$15,412,666		15,412,666
Certificate of Deposit	2,019,100		2,019,100
Total Investments	<u>\$17,431,766</u>	<u>\$27,295,032</u>	<u>\$44,726,798</u>

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

The City's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the City is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by individual City Funds in the securities of issuers other than U. S. Treasury securities, mutual funds and external investment pools. At June 30, 2006, those investments consisted of (dollars in thousands):

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide:			
Government Activities	Federal Home Loan Mortgage Corporation	U.S. Government-Sponsored Enterprise Agencies	\$12,968,075
	Federal National Mortgage Association	U.S. Government-Sponsored Enterprise Agencies	10,893,800
	AIG Matched Funding Corporation	Guaranteed Investment Contract	11,492,336
	Special Assessment Districts in the City of	Municipal Bonds	40,100,000
Major Fund:			
West End Community Improvement			
Project Area Special Revenue Fund	AIG Matched Funding Corporation	Guaranteed Investment Contract	6,714,296
Nonmajor Governmental Funds	AIG Matched Funding Corporation	Guaranteed Investment Contract	3,230,955
Agency Funds	Special Assessment Districts in the City of	Municipal Bonds	40,100,000

H. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include Mortgage Backed Securities with a fair value at June 30, 2006 of \$2,349,236 that are sensitive to interest rate fluctuations, to a greater degree than already indicated in the information provided above. These securities are subject to early repayment in a period of declining interest rates, which could reduce expected cash flows. The fair value of these investments reflects this potential impact.

Alameda P&T's investments include a Federal Home Loan Bank investment of \$499,920 with a maturity date of March 5, 2007. The investment has embedded call feature, and is callable August 9, 2006.

NOTE 3 - INTERFUND TRANSACTIONS

A. Current Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2006 the amounts of current interfund balances were as follows:

Due From Other Funds	Due To Other Funds	
General Fund	FISC Lease Revenue Special Revenue Fund	\$465,205
	Non-Major Governmental Funds	96,166
	Ferry Services Enterprise Fund	66,723
	Total Due to General Fund	<u>\$628,094</u>

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

B. Long-Term Advances

The General Fund advanced \$1,258,995 to the Alameda Point Improvement Project Area Special Revenue Fund. The advance is to be repaid in future years from the proceeds of incremental property taxes as funds become available. The General Fund advance bears interest at 4% for fiscal year 2006.

The General Fund has advanced \$2,400,000 to the FISC Lease Special Revenue Fund to pay for the public safety of former Navy property. The advance bears interest at 6% and is to be repaid in 2006-2007 from lease revenue as funds become available.

The Golf Course Enterprise Fund advanced the Alameda Reuse and Redevelopment Authority Special Revenue Fund \$300,000 in fiscal year 2001 for pre-development activities in connection with the Golf Course at Alameda Point. This loan is to be repaid upon the development of the golf course.

C. Operating Transfers Between City Funds

With Council approval, resources may be transferred from one City fund to another. Operating transfers between City funds during fiscal year 2006 were as follows:

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Fund Receiving Transfers	Fund Making Transfer	Amount Transferred
General Fund	West End Community Improvement Project Area	\$114,954
	Business Waterfront Improvement Project Area	200,332
	Alameda Point Community Improvement Project Area	110,996
	FISC Lease Revenue Special Revenue Fund	492,462
	Alameda Reuse and Redevelopment Authority	2,612,747
	Capital Improvement Projects Capital Project Fund	317,461
	Golf Course	351,691
	Sewer Services	324,078
	Non-Major Governmental Funds	2,260,680
Business Waterfront Improvement Project Area	FISC Lease Revenue Special Revenue Fund	561,181 B
	Capital Improvement Projects Capital Project Fund	335,348
Alameda Point Improvement Project Area	General Fund	494,302
FISC Lease Revenue Special Revenue Fund	West End Community Improvement Project Area	8,340,906 D
	Business Waterfront Improvement Project Area	616,910
Alameda Reuse and Redevelopment Authority	General Fund	3,585 A
	Non-Major Governmental Funds	649,665 A
Capital Improvement Projects Capital Project Fund	General Fund	1,048,696 A
	West End Community Improvement Project Area	1,917,420 A
	Business Waterfront Improvement Project Area	473,889 A
	Sewer Services	79,412 A
	Non-Major Governmental Funds	2,228,214 A
	Internal Service Funds	95,899 A
Ferry Services Enterprise Funds	Non-Major Governmental Funds	467,426 C
Sewer Services Enterprise Funds	Alameda Reuse and Redevelopment Authority	56,834
	Non-Major Governmental Funds	50,000 A
Non-Major Governmental Funds	General Fund	2,710,793 B
	West End Community Improvement Project Area	4,063,593 B
	Business Waterfront Improvement Project Area	1,391,429 B
	FISC Lease Revenue Special Revenue Fund	8,340,906 D
	Capital Improvement Projects Capital Project Fund	211,268
	Golf Course	135,117
	Sewer Services	8,120
	Non-Major Governmental Funds	862,966 B
Internal Service Funds	General Fund	46,500
	West End Community Improvement Project Area	18,096
	Business Waterfront Improvement Project Area	17,718
	Alameda Point Community Improvement Project Area	16,690
	FISC Lease Revenue Special Revenue Fund	296
	Golf Course	73,545
	Sewer Services	9,375
	Non-Major Governmental Funds	43,556
		<u>\$42,155,056</u>

The reasons for these transfers are set forth below:

- (A) To fund capital projects
- (B) To fund indirect costs and debt services
- (C) To fund ferry services
- (D) To transfer proceeds from sale of land and profit participation agreement

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

D. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

E. Alameda P&T Advances

As of June 30, 2006, the Electric Services Fund had advanced \$43,093,640 to the Telecommunications Services Fund over the past seven years to finance the expansion and operations of the telecommunication services. The advance bears interest at 4%. Repayment is to commence within 20 years from the recording date of each advance installment and is to be paid in 10 equal annual installments. The first payment is scheduled for fiscal year 2020

NOTE 4 - LOANS RECEIVABLE

A. Housing Rehabilitation and Affordable Housing Loans

The City engages in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Some of these loans may be forgiven at the completion of the loan term if all the stipulated conditions are met. Other loans and notes are expected to be repaid in full. The balance of these loans has been offset by deferred revenue, as they are not expected to be repaid during the coming fiscal year. The balance of the loans receivable arising from these programs at June 30, 2006 was \$5,610,593. Included in this balance was \$1,088,600 receivable from the Housing Authority, as discussed in Note 6.

B. Alameda Development Corporation

During the year ended June 30, 2000, the Community Improvement Commission entered into an agreement with the Alameda Development Corporation, a non-profit corporation, to loan the corporation funds to be used to develop housing units for persons with very low to low annual incomes. The loan is secured by a deed of trust and bears interest at 5% for 59 years. In February, 2006 the loan was amended and restated to include additional funding and allow forgiveness and reconveyance of the loan as each unit is completed and sold to a qualified household. The balance of this loan has been offset by deferred revenue as it is not expected to be repaid during the coming fiscal year. As of June 30, 2006, the balance of the loan was \$1,772,200.

C. Affordable Housing Project

The Commission entered into a Participation Agreement with Resources for Community Development (Developer) to develop fifty-two units of Affordable Rental Housing and ten units of Ownership Housing. Under the terms of the Agreement, the Commission will provide \$3,615,000 of housing funds for construction costs. In addition, the City pledged \$400,000 of HOME funds for a portion of the pre-development cost and developer fees. As of June 30, 2006, the Commission had loaned \$1,000,000 to the Developer.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 4 - LOANS RECEIVABLE (Continued)

D. Loan to Property Owner

The City imposed a nuisance abatement lien on certain real property located on Pacific Avenue. The City incurred costs of abatement on the property in the amount of \$120,820. The total amount is due to the City from the property owner and bears interest at a rate of 6% per annum. The City expects the loan to be repaid when the property is sold. As of June 30, 2006, outstanding balance on this loan, together with accrued interest, amounted to \$181,770.

E. Microenterprise Assistance Program

The City has engaged in a loan program designed to provide financial and technical assistance to low-and-moderate-income entrepreneurs of Alameda to develop, strengthen and stabilize very small businesses. The loans accrue interest at 2% per year with repayment over ten years. At the City's option, loan payments may be deferred for up to three years. The balance of the loans receivable arising from this program at June 30, 2006 was \$109,724.

F. Loan to Alameda P&T

On December 16, 2003 at the request of the Public Utilities Board, the Alameda City Council loaned \$2,200,000 to Alameda P&T for the purpose of the construction of a hybrid fiber-optic/coaxial telecom network. The loan is interest free and is to be repaid on June 1, 2009. As of June 30, 2006 the remaining principal balance was \$2,200,000.

G. Alameda P&T Loans to the City

The City entered into a loan agreement with Alameda P&T for the replacement of deteriorated street lights. Through June 30, 2006, Alameda P&T had expended \$627,300 for street light replacement and the City had made payments of \$362,000. Annual installments of \$40,000 are scheduled until the loan is repaid. At June 30, 2006 the outstanding balance was \$265,300.

In April 2003, the City reached an agreement with Alameda P&T to study the best method to replace historic streetlight poles. The original agreement was for a \$70,000 loan to be paid back over ten years. However, on August 17, 2004 the street light system was transferred to Alameda P&T after incurring study related costs of \$36,868. The loan principal was reduced by \$34,089 to reflect only the costs incurred prior to the transfer. The City agreed to pay annual payments ranging from \$8,160 to \$3,116 through July 1, 2009. Annual loan payments include interest at the rate of 2.89%. At June 30, 2006 the outstanding balance was \$14,963.

The City entered into a loan agreement with Alameda P&T for \$79,000 to construct underground streetlights located within Underground Districts #21 and #16 and owned by the City maintained by the City's Public Works department. The loan carries an interest rate of 2% and is to be repaid in annual installments through fiscal year 2009. The City transferred the streetlights to AP&T which reduced the loan to \$54,000 on August 2005. The new loan amount is the cost that the City had spent on the streetlights prior to the transfer. At June 30, 2006 the outstanding balance was \$28,275.

The City entered into a loan agreement with Alameda P&T in April 2005 for \$21,000 to provide the City's Recreation and Parks department's new facility at 2226 Santa Clara Avenue with telecommunications capabilities. The loan is to be repaid over four years with equal installments of \$5,250 and has a zero percent interest rate. The first payment was made on June 1, 2005. At June 30, 2006 the outstanding balance was \$15,750.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$10,000 and as estimated useful life in excess of 10 years. All capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Electric Plant	30 years
Buildings and Improvements	40-80 years
Ferry Boat	30 years
Machinery, Furniture and Equipment	4-40 years
Infrastructure	15-75 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

City capital asset activities for the year ended June 30, 2006 is as follows:

	Balance at June 30, 2005	Additions	Retirements	Balance at June 30, 2006
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$4,921,331			\$4,921,331
Construction in progress	24,246,041	\$39,844,529		64,090,570
Total capital assets not being depreciated	29,167,372	39,844,529		69,011,901
Capital assets being depreciated:				
Buildings	193,738,585	1,161,257	(\$730,096)	194,169,746
Machinery and equipment	24,146,829	770,518	(1,967,020)	22,950,327
Infrastructure:				
Streets	69,229,234	2,324,595		71,553,829
Landscape	19,749,243			19,749,243
Storm drains	18,184,345	15,047		18,199,392
Portable water	1,490,959			1,490,959
Parks	4,091,575			4,091,575
Marina facilities	24,285,397			24,285,397
Total capital assets being depreciated	354,916,167	4,271,417	(2,697,116)	356,490,468
Less accumulated depreciation:				
Buildings	(78,517,881)	(2,494,320)	485,432	(80,526,769)
Machinery and equipment	(16,101,404)	(1,377,682)	1,536,112	(15,942,974)
Infrastructure:				
Streets	(43,284,089)	(2,005,314)		(45,289,403)
Landscape	(12,230,553)	(564,596)		(12,795,149)
Storm drains	(6,188,669)	(287,415)		(6,476,084)
Portable water	(1,169,214)	(19,352)		(1,188,566)
Parks	(1,530,619)	(160,747)		(1,691,366)
Marina facilities	(17,205,013)	(301,218)		(17,506,231)
Total accumulated depreciation	(176,227,442)	(7,210,644)	2,021,544	(181,416,542)
Net capital assets being depreciated	178,688,725	(2,939,227)	(675,572)	175,073,926
Governmental activity capital assets, net	\$207,856,097	\$36,905,302	(\$675,572)	\$244,085,827

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2005	Additions	Retirements	Balance at June 30, 2006
<i>Business-type activities</i>				
Capital assets, not being depreciated:				
Land and improvement	\$176,899			\$176,899
Construction in progress	16,497	\$25,584		\$42,081
Total capital assets not being depreciated	193,396	25,584		218,980
Capital assets, being depreciated:				
Buildings	930,093			930,093
Sewer lines	56,793,187	913,729		57,706,916
Streets	188,016			188,016
Storm drains	314,356			314,356
Golf improvements	4,255,123			4,255,123
Ferry boats	12,758,250			12,758,250
Office furniture and equipment	2,811,476	18,487	(\$278,750)	2,551,213
Net capital assets being depreciated	78,050,501	932,216	(278,750)	78,703,967
Less accumulated depreciation for:				
Buildings	(181,094)	(13,017)		(194,111)
Sewer lines	(19,373,883)	(903,575)		(20,277,458)
Streets	(112,497)	(4,822)		(117,319)
Storm drains	(50,553)	(4,192)		(54,745)
Golf improvements	(1,387,228)	(161,826)		(1,549,054)
Ferry boats	(2,994,023)	(433,748)		(3,427,771)
Office furniture and equipment	(2,521,793)	81,907	278,750	(2,161,136)
Total accumulated depreciation	(26,621,071)	(1,439,273)	278,750	(27,781,594)
Net capital assets being depreciated	51,429,430	(507,057)		50,922,373
Business-type activity capital assets, net	\$51,622,826	(\$481,473)		\$51,141,353

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

B. *The Housing Authority's Capital Assets*

Housing Authority capital asset activities for the year ended June 30, 2006 is as follows.

	Balance June 30, 2005	Additions	Balance June 30, 2006
Capital assets, not being depreciated:			
Land	\$7,746,432		\$7,746,432
Capital assets, being depreciated:			
Buildings & Improvements	29,929,209	\$653,855	30,583,064
Equipment	200,987		200,987
Net capital assets being depreciated	30,130,196	653,855	30,784,051
Less accumulated depreciation:	(12,043,874)	(798,324)	(12,842,198)
Net Capital Assets being depreciated	18,086,322	(144,469)	17,941,853
Total capital assets, net	\$25,832,754	(\$144,469)	\$25,688,285

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

C. Alameda P&T's Capital Assets

Alameda P&T capital asset activities for the year ended June 30, 2006 is as follows:

	Balance July 1, 2005	Additions Adjustments	Retirements Adjustments	Transfers	Balance June 30, 2006
Capital assets not being depreciated:					
Land and Rights	\$758,676				\$758,676
Construction Work in Progress	20,909,633	\$8,073,571		(\$24,194,300)	4,788,904
Total capital assets not being depreciated	21,668,309	8,073,571		(24,194,300)	5,547,580
Capital assets being depreciated:					
Utility Plant	81,833,974		(\$108,137)	23,499,798	105,225,635
Service Center Building	7,842,224			1,360	7,843,584
Machinery and Equipment	8,398,386			292,689	8,691,075
Transportation Equipment	2,020,241		(19,376)	299,700	2,300,565
Computer Equipment	2,869,047			100,073	2,969,120
Furniture and Fixtures	599,165			680	599,845
Total capital assets being depreciated	103,563,037		(127,513)	24,194,300	127,629,824
Less accumulated depreciation for:					
Utility Plant	32,282,305	4,106,977	(995,809)		35,393,473
Service Center Building	1,073,710	138,144	987,672		2,199,526
Machinery and Equipment	3,480,596	567,295			4,047,891
Transportation Equipment	1,506,612	86,391	(19,376)		1,573,627
Computer Equipment	2,730,268	108,754			2,839,022
Furniture and Fixtures	284,595	24,031			308,626
Total accumulated depreciation	41,358,086	5,031,592	(27,513)		46,362,165
Total depreciable assets	62,204,951	(5,031,592)	(100,000)	24,194,300	81,267,659
Business activity capital assets, net	\$83,873,260	\$3,041,979	(\$100,000)		\$86,815,239

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

D. Capital Asset Contributions

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

E. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities

General government	\$234,105
Public safety	622,551
Public works	3,590,871
Development services	2,217,325
Culture and recreation	545,792

Total Governmental Activities	<u><u>\$7,210,644</u></u>
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Business-Type Activities

Ferry Services	\$433,749
Golf Course	360,281
Sewer Services	645,243

Total Business-Type Activities	<u><u>\$1,439,273</u></u>
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Discretely Presented Component Units:

Housing Authority of City of Alameda	<u><u>\$798,324</u></u>
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Alameda Power & Telecom	<u><u>\$6,019,264</u></u>
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NOTE 6 - LONG TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Bond Discounts and Issuance Costs

Bond discounts and issuance costs of long-term debt issues are amortized over the life of the related debt.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 – LONG TERM DEBT (Continued)

The City's long-term debt activity for the year ended June 30, 2006 is as follows:

	Balance June 30, 2005	Additions	Retirements	Balance June 30, 2006	Current Portion
Governmental Activity Debt:					
Certificates of Participation:					
1996 Police Building	\$1,920,000		\$130,000	\$1,790,000	\$140,000
1996 Library/Golf	4,025,000		150,000	3,875,000	155,000
2002, City Hall	10,660,000		365,000	10,295,000	375,000
Total Certificates of Participation	16,605,000		645,000	15,960,000	670,000
1992 Revenue Bonds	1,785,000		115,000	1,670,000	115,000
2002 Subordinate Tax Allocation Bonds	4,110,000		250,000	3,860,000	450,000
2003 General Obligation Bonds	10,455,000		155,000	10,300,000	165,000
2003 Tax Allocation Refunding Bonds	18,535,000			18,535,000	200,000
2003 Tax Allocation Bonds	46,580,000		275,000	46,305,000	40,000
2003 ARRA Demand Revenue Bonds	13,440,000			13,440,000	
Equipment Purchase Agreements	1,126,363		229,109	897,254	231,522
Loans Payable	406,724	\$695,000	82,436	1,019,288	108,979
Leases Payable	538,875	336,874	67,359	808,390	174,893
Total Governmental Activity Debt	\$113,581,962	\$1,031,874	\$1,818,904	\$112,794,932	\$2,155,394
Business-Type Activity Debt:					
1995 Certificates of Participation	\$4,010,000		\$225,000	\$3,785,000	\$240,000
State Construction Loan	178,971		18,278	160,693	18,898
State Water Resources Control Board	1,660,486		107,651	1,552,835	110,665
State Revolving Fund Loan, 1998	1,723,332		103,624	1,619,708	106,318
State Revolving Fund Loan, 1999	816,128		44,854	771,274	46,065
State Revolving Fund Loan, 2004	1,455,361		64,432	1,390,929	66,107
Equipment Purchase Agreements	348,300		93,612	254,688	254,688
Total	\$10,192,578		\$657,451	\$9,535,127	\$842,741

A. Housing Authority Long Term Debt

The Housing Authority's long-term debt activity for the year ended June 30, 2006 is as follows:

	Balance June 30, 2005	Retirements	Balance June 30, 2006
ARCS Commercial Co. L.P.	\$6,793,015	\$86,527	\$6,706,488
PMC Financial Services	9,282,209	167,677	9,114,532
Notes Payable - City of Alameda	1,088,600		1,088,600
Notes Payable - Other	468,659	12,164	456,495
Total	\$17,632,483	\$266,368	\$17,366,115

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

B. Alameda P&T Long-Term Debt

Alameda P&T's long-term debt consists of the Certificates of Participation issues discussed in Note F below. The Alameda P&T long-term debt issues and transactions were as follows:

	Original Issue Amount	Balance June 30, 2005	Balance June 30, 2006	Current Portion
Electric System Revenue Taxable COPs, Series 2000AT	\$29,500,000	\$29,500,000	\$29,500,000	
Electric System Revenue COPs, Series 2000A	9,545,000	9,545,000	9,545,000	
Telecom System Revenue Taxable COPs, Series 2002A	6,300,000	6,300,000	6,300,000	\$1,288,673
Telecom System Revenue Bond Anticipation Notes,	33,000,000	33,000,000	33,000,000	
Loan from City of Alameda	2,200,000	2,200,000	2,200,000	
Total long-term debt		<u>\$80,545,000</u>	<u>\$80,545,000</u>	<u>\$1,288,673</u>

Alameda P&T is required to maintain amounts of cash and investments with trustees or fiscal agents under the terms of the Series 2000A Certificates of Participation, as discussed at Note 6F.

C. Debt Service Requirements - City, Housing Authority and Alameda P&T

Annual debt service requirements are shown below for all long-term debt:

For the Year Ending June 30	Governmental Activities		Business-type Activities		Housing Authority		Alameda P&T	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$2,155,394	\$5,457,573	\$842,741	\$345,798	\$281,811	\$694,282	\$1,288,673	\$4,971,177
2008	2,773,116	5,364,259	607,520	312,675	299,334	681,086	1,357,509	4,902,341
2009	2,979,128	5,246,017	632,145	290,299	316,655	667,130	38,853,818	6,085,661
2010	2,979,914	5,117,642	652,237	266,562	334,979	652,371		2,366,945
2011	2,967,360	4,946,665	677,500	242,891	354,364	636,762		2,366,945
2012-2016	17,465,020	22,345,359	3,716,649	826,014	2,104,197	2,916,344	5,630,000	11,042,505
2017-2021	19,165,000	18,073,739	2,209,501	171,350	2,787,809	2,366,890	7,890,000	9,062,354
2022-2026	22,955,000	13,020,151	196,834	7,708	3,693,848	1,639,883	10,705,000	6,210,558
2027-2031	25,695,000	7,206,349			4,502,335	704,992	14,820,000	2,245,702
2032-2036	13,660,000	993,073			1,730,602	87,077		
2037-2041					47,768			
2042-2046					42,491			
2047-2051					35,333			
2052-2056					210,860			
2057-2061					623,729			
Total	<u>\$112,794,932</u>	<u>\$87,770,827</u>	<u>\$9,535,127</u>	<u>\$2,463,297</u>	<u>\$17,366,115</u>	<u>\$11,046,817</u>	<u>\$80,545,000</u>	<u>\$49,254,188</u>

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

D. Description of the City's Long-Term Debt Issues

Much of the City's debt is in the form of Certificates of Participation, which are a type of debt secured by lease payments made by the City under non-cancelable lease agreements. The cost of the assets securing these leases and the balance of the debt evidenced by these Certificates of Participation have been included in the City's financial statements as these leases are in essence financing arrangements with ownership of the financed assets reverting to the City at their conclusion.

1996 Police Building Refinancing and Equipment Financing Certificates of Participation - The City issued Certificates of Participation in the original principal amount of \$2,770,000, and bearing interest at 4.00-6.125%, on July 16, 1996 as a sale and leaseback agreement under a non-cancelable lease extending to August 1, 2015. The proceeds from the sale of the Bonds were used to refund City's 1990 COP's Police Building and Equipment Financing Project COPs. Under this lease, the City makes semi-annual payments February 1 and August 1 from the Police and Fire Impact fund and asset seizure revenues to pay the principal and interest on the 1996 Certificates of Participation. The cost of the building and the balance of the debt evidenced by the Police Building Refinancing and Equipment Financing Certificates of Participation have been included in the City's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the City at its conclusion.

1996 Library and Golf Course Upgrade and Renovation Certificates of Participation - The City issued Certificates of Participation in the original principal amount of \$4,900,000, and bearing interest at 3.90-5.75%, on December 1, 1996 to finance the seismic upgrade and renovation of the Carnegie Library building and certain golf course facilities under a non-cancelable lease of these facilities extending to December 1, 2021. Under this lease, the City makes semi-annual payments June 1 and December 1 from any source of available funds of the City which are sufficient to pay the principal and interest on the 1996 Certificates of Participation. Ownership of the leased premises reverts to the City at the end of the lease. The balance of the debt evidenced by the Library and Golf Course Upgrade and Renovation Certificates of Participation have been included in the City's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the City at its conclusion.

2002 City Hall Refinancing Project Certificates of Participation - The City issued Certificates of Participation in the original principal amount of \$11,370,000, and bearing interest at 2.25-4.75%, on September 10, 2002 to refund the City's outstanding \$10,565,000 1995 City Hall Seismic Upgrade and Renovation Project Certificates of Participation. The 1995 COP was to finance the seismic upgrade and renovation of City Hall and certain fire station facilities under a non-cancelable lease of these facilities extending to May 1, 2025. Under this lease, the City makes semi-annual payments May 1 and November 1 from vehicle licensing fees, which are sufficient to pay the principal and interest on the 1995 Certificates of Participation. Ownership of the leased premises reverts to the City at the end of the lease. The balance of the debt evidenced by the 1995 Certificates of Participation have been included in the City's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the City at its conclusion. Principal and interest are payable semi-annually each November 1 and May 1 through 2025.

The refunding proceeds of the 2002 Bonds were used to purchase non-callable US government securities which were deposited in an irrevocable trust to provide for all future debt service payments of the 1995 COPs. Accordingly, the trust account assets and the liability for the refunded portion of the 1995 COPs are not included in the financial statements.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

1992 Revenue Bonds - On April 1, 1992, the Alameda Public Financing Authority issued \$2,740,000 original principal amount of 1992 Revenue Bonds, bearing interest at 5.80-6.80%. The proceeds from the sale of the Bonds were used to refund the West End Improvement Project 1985 Tax Allocation Bonds. The Community Improvement Commission's tax increment revenue is pledged for the repayment of these bonds. Principal and interest are payable semi-annually each April 1 and October 1 through 2016.

2002 Community Improvement Commission Subordinate Taxable Tax Allocation Bonds – On March 1, 2002, the Community Improvement Commission issued Tax Allocation Bonds in the principal amount of \$4,640,000, bearing interest at 6.05-7.75%. The proceeds, in part, were used to repay a loan from the City to the Community Improvement Commission related to the Commission's Business and Waterfront Improvement Project. The bonds are payable from tax increment revenues receivable by the Commission with respect to the Project Area. Principal and interest are payable semi-annually on February 1 and August 1 through February 2012.

2003 General Obligation Bonds – On November 7, 2000 the voters approved the issuance of General Obligation Bonds, which the City issued on March 25, 2003, in the principal amount of \$10,600,000, plus a reoffering premium of \$268,000, to finance the acquisition and construction of a new main library and improvements to two branch libraries within the City. The bonds bear interest at 2.00-5.00%. The repayment of the bonds is secured by all revenue of the City. Principal payments are due annually on August 1. Interest payments are due semi-annually on February 1 and August 1 through August 1, 2033.

2003 Community Improvement Commission Tax Allocation Refunding Bonds – On October 1, 2003, the Community Improvement Commission issued Tax Allocation Refunding Bonds related to the Business and Waterfront Improvement Area in the original principal amount of \$18,535,000, with Series 2003 C issued in the amount of \$17,510,000 and Series 2003 D in the amount of \$1,025,000. The bonds bear interest at 2.00-6.62%. The proceeds were used to retire the 2002 Financing Authority Variable Rate Revenue Bonds. The Bonds are payable from tax increment revenues receivable by the Commission with respect to the Project Area. Principal is payable annually on February 1 with interest payable semi-annually on February 1 and August 1 through February 2032.

2003 Community Improvement Commission Tax Allocation Bonds – On December 1, 2003, the Community Improvement Commission issued Series 2003 A1 and A2 Tax Allocation Bonds in the amount of \$37,390,000 and Series 2003 B Subordinated Tax Allocation Bonds in the amount of \$9,205,000 for a total original principal amount of \$46,595,000, for the Commission's merged improvement areas. The bonds bear interest at 2.00-5.85%. The proceeds are to finance certain redevelopment projects, to repay the City a loan of \$2,200,000 for the project area and to finance \$12,200,000 of demolition cost incurred in the project area. The Series 2003 A1 and A2 are secured by a pledge of certain tax increment revenues for the Commission's Merged Project Area. The Series 2003 B are secured by a subordinate pledge of tax revenues. Interest is payable semiannually on March 1 and September 1 through 2033. Principal is payable annually on March 1 through 2033.

2003 ARRA Demand Revenue Bonds (Alameda Point Improvement Project) – On December 1, 2003, the Alameda Public Financing Authority issued Revenue Bonds in the original principal amount of \$13,440,000 at a variable rate of interest determined on a weekly basis. The proceeds from the bonds were used to refund the 1999 ARRA Revenue Bonds which was issued to finance the costs of certain improvements at Alameda Point and to finance professional services for land use planning and other activities required in the redevelopment process at Alameda Point. Repayment of these bonds is from rental revenues paid to ARRA from certain land, buildings, fixtures and equipment. Interest is payable on the first business day of each month.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

Loans Payable - The City entered into a loan with Alameda P&T for \$70,000 on April 14, 2003 to conduct a study and renewal recommendation for the 1929 "Historic Street Lights" to be conducted by Alameda P&T. However, on August 17, 2004 the street lights were transferred to Alameda P&T after incurring study related costs of \$36,868. The loan principal was reduced by \$34,089 to reflect only the costs incurred prior to the transfer. The City agreed to pay annual payments ranging from \$8,160 to \$3,116 through July 1, 2005 and \$4,297 through 2009. At June 30, 2006 the outstanding balance was \$14,963.

The City entered into a loan with Alameda P&T for the replacement of deteriorated street lights. Through June 30, 2006, Alameda P&T had expended \$627,300 for street light replacement and the City had made payments of \$362,000. Annual installments of \$40,000 are scheduled until the loan is repaid. At June 30, 2006 the outstanding balance was \$265,300.

The City entered into a loan with Alameda P&T for \$79,000 to construct underground streetlights owned by the City's Underground Districts #21 and #16 and maintained by the City's Public Works department. The loan carries an interest rate of 2% and is to be repaid in annual installments through fiscal year 2009. The loan was reduced to \$54,000 on August 2005. At June 30, 2006 the outstanding balance was \$28,275.

The City entered into a loan with Alameda P&T in April 2005 for \$21,000 to provide the City's Recreation and Parks Department's new facility at 2226 Santa Clara Avenue with telecommunications capabilities. The loan is to be repaid over four years with equal installments of \$5,250 and has a zero percent interest rate. The first payment was made on June 1, 2005. At June 30, 2006 the outstanding balance was \$15,750.

ERAF Loan Program – In April 2006, the Community Improvement Commission borrowed \$695,000 from California Statewide Communities Development Authority to pay for Educational Revenue Augmentation Fund (ERAF) due to Alameda County. Both principal and interest payments are made semi-annually through March 2016.

1995 Sewer System Refinancing & Improvement Certificates of Participation - On December 14, 1995, the City issued Certificates of Participation in the original principal amount of \$5,850,000, bearing interest at 4.05-5.15%. \$5,035,792 of the proceeds plus \$434,355 from the 1988 refunded debt reserves were used to set up an escrow account to make principal and interest payments on the 1988 refunded debt through March 1, 1998 and to redeem the 1988 COPs at 103% on March 1, 1998. The remaining \$815,000 of the proceeds is to be used for new Sewer Fund Projects relating to the closure of the Alameda Naval Air Station. The COPs mature on March 1, 2018. The installment payments are made from the net revenues of the Sewer Services Enterprise Fund.

State Construction Loan - On May 2, 1989, the City entered into a loan with the State of California State Water Resources Control Board for \$400,431 at 3.39% interest to construct facilities for the control and prevention of water pollution. The loan is payable from Sewer Service Enterprise Fund operating revenues. The City agreed to make annual payments of \$24,349 through December 1, 2013.

State Water Resources Control Board- On February 8, 1996, the City entered into a loan with the State of California State Water Resources Control Board for up to \$2,324,502 at 2.8% interest, of which all has been drawn down. The purpose of the loan is to provide funding to install sanitary sewer facilities. The loan is payable from Sewer Service Enterprise Fund operating revenues. The City agreed to make annual payments of \$154,144 through August 5, 2017.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

State Revolving Fund Loan - The City entered into a contract on July 1, 1998 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$2,292,025, of which all has been drawn down. This loan bears interest at 2.6% per year for a term of twenty years.

State Revolving Fund Loan - The City entered into a contract on September 29, 1999 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$1,193,529 and shall bear interest at 2.7% per year for a term of twenty years. As of June 30, 2006, the City has drawn down \$816,128 of the loan.

State Revolving Fund Loan - The City entered into a contract on August 12, 2004 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$1,840,292 and shall bear interest at 2.6% per year for a term of twenty years. As of June 30, 2006, the City has drawn down \$1,455,361 of the loan.

Equipment Purchase Agreements - On November 3, 1994 the City entered into a non-cancelable lease agreement in the amount of \$450,000 with U.S. Bank to acquire a fire truck. The City agreed to pay the lease in monthly payments of \$3,875 for 180 months. Ownership of the fire truck reverts to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the fire truck and the amount of the lease have been included in the City's financial statements.

On April 18, 2001 the City entered into a non-cancelable lease agreement in the amount of \$404,934 with Textron Financial Corporation to acquire certain electric golf equipment. The City agreed to pay the lease in monthly payments of \$8,270 for 36 months. On April 5, 2004 the City traded-in the golf equipment in exchange for a new lease agreement with Textron Financial Corporation in the amount of \$444,077. Under the new lease agreement the City agreed to pay \$9,203 for 36 months. Ownership of the golf equipment reverts to the City at the end of the lease. Since the lease is essentially a financing agreement, the cost of the golf equipment and the amount of the lease have been included in the City's financial statements.

On April 1, 2003 the City entered into a non-cancelable lease agreement in the amount of \$674,467 with Bank of Alameda to acquire two fire trucks. The City agreed to pay the lease in quarterly payments of \$21,597 for ten years. Ownership of the fire trucks reverts to the City at the end of the lease. Since the lease is in essence a financing arrangement, the costs of the fire trucks and the amount of the lease have been included in the City's financial statements.

On May 7, 2003 the City entered into a non-cancelable lease agreement in the amount of \$948,040 with Bank of Alameda to acquire a telephone system. The City agreed to pay the lease in monthly payments of \$19,003 for 84 months. Ownership of the equipment reverts to the City at the end of the lease. Since the lease is in essence a financing arrangement, the costs of the telephone system and the amount of the lease have been included in the City's financial statements.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

On December 15, 2005 the City entered into a lease agreement in the amount of \$336,874 with the California First Leasing Corporation to acquire accounting system upgrade, a Fire Record Management System and a Storage Area Network. Included in the lease amount are license fees, training, installation, and data conversion costs. The City agreed to pay the lease in annual payments of \$122,222 for three years. Ownership of the software and hardware reverts to the City at the end of the lease. Since the lease is in essence a financing arrangement, the capital costs and the amount of the lease have been included in the City's financial statements.

E. *Housing Authority Notes Payable*

The deed of trust note dated April 1, 2005 of \$6,800,000 for the Parrot and Eagle Village Apartments with ARCS Commercial Co. L.P. accrues interest at a variable rate based upon the weekly short term bond reset rate. The note requires payments of principal and interest in amounts at least totaling \$340,016. The note matures April 15, 2035. The outstanding balance on the note at June 30, 2006 was \$6,706,488.

Four other notes are secured by deeds of trust on six properties located throughout the City of Alameda. These notes were issued during the fiscal years ended June 30, 1997 and June 30, 2004. These notes have a balance owing of \$456,495 as of June 30, 2006. The notes have interest rates ranging from 5.05% to 6.72% per annum and require annual principal and interest payments totaling \$37,298.

Issued during the fiscal year ended June 30, 1997 were two deferred loans from the City of Alameda. These loans were issued for \$518,600 and carry no interest rate. They are secured by deeds of trust on nine properties located in Alameda, California. One of the notes is deferred until January 1, 2007, while the other is deferred until January 1, 2027. Varying semiannual payments are due on each loan from the deferral date through January 1, 2027.

A promissory note agreement for \$570,000 was entered into with the City of Alameda on June 18, 1998. This note bears interest at 3% per annum. Both interest and principal payments on this loan are deferred until the note's due date of June 30, 2057.

The mortgage note payable to PMC Financial Services was entered into on August 25, 1998. It is payable in monthly installments of \$56,705, including principal and interest at 5.57%. Final payment is due February 1, 2031. The outstanding balance on this loan at June 30, 2006 was \$9,114,532.

F. *Alameda Power & Telecom Certificates of Participation and Bonds Payable*

Electric System Revenue Taxable Certificates of Participation, Series 2000AT -- On April 6, 2000, Alameda P&T issued \$29,500,000 of Certificates of Participation, Series 2000AT. Proceeds were used to refinance certain obligations of the Electric System with respect to NCPA. The Series 2000AT matures semi-annually through July 1, 2030 with annual principal debt service commencing on July 1, 2011. The certificates bear interest at an auction rate fluctuating around the one-month LIBOR rate. On July 24, 2001, Alameda P&T entered into a Swap agreement with UBS Warburg to establish a set interest rate of 6.23% on the certificates. Interest amounts are payable monthly. All principal and interest payments are to be made from Alameda P&T's operating revenues and are secured by a pledge of these revenues.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

The continuing disclosure agreement required notification that the Crossover Date has not occurred as of December 31, 2002. Crossover Date means the date that each of the following conditions is satisfied, whereupon the 2000AT payments will no longer be secured by any pledge of Net Revenues other than Distribution System Net Revenues, but instead will be secured solely by a prior pledge of Distribution System Net Revenues:

- I. The Distribution System will have been operated as an enterprise separate and distinct from the rest of the Electric System for at least one full fiscal year, and Distribution System assets, liabilities, revenues and expenses have been determined and reported in accordance with sound accounting principles;
- II. The pro forma ratio of Distribution System Net Revenues to Maximum Annual Distribution System Service for the prior two fiscal years is not less than 1.10 to 1.00; and
- III. The Bond Insurer consents to the transfer of security from Net Revenues to Distribution System Net Revenues; provided, however, that such consent is required if and only if such transfer directly causes the then underlying rating, if any, on the 2000AT Certificates to be downgraded or withdrawn.

Electric System Revenue Certificates of Participation, Series 2000A -- On April 1, 2000 Alameda P&T issued \$9,545,000 of Electric System Revenue Certificates of Participation, Series 2000A bearing interest at 5% to 5.75%. Proceeds were used to defease the remaining outstanding 1992 Certificates of Participation, finance certain electric system improvements, and pay cost of delivery of the 2000A certificates. The Series 2000A Certificates of Participation mature annually through July 1, 2030. Principal amounts are payable annually July 1 commencing July 1, 2011. Interest amounts are payable semiannually on January 1 and July 1.

Alameda P&T is required to maintain amounts of cash and investments with trustees or fiscal agents under the term of the Series 2000A Certificates of Participation, as discussed at Note 2.

The continuing disclosure agreement required notification that work related to the acquisition, construction and installation of the Electric System improvements projects provided for by this financing began in fiscal year 2001.

Telecom System Revenue Taxable Certificates of Participation, Series 2002A -- Alameda P&T purchased VECTREN Communications Services, Inc.'s (VCS) right to operate the System and to receive any Management fee for the purchase price of \$6,300,000 under an installment sale agreement in which periodic payments of principal and interest will be paid to VCS. Simple interest shall accrue at the rate of five percent per annum of the purchase price from the effective date of the agreement, which is June 28, 2002. Subject to the availability of telecommunications net system revenues, Alameda P&T will repay this obligation with five equal installments. The payment due on May 1, 2006 of \$1,582,905 is deferred until fiscal year 2009. Pursuant to Telecom System Revenue Bond Anticipation Notes Series 2004 trust agreements, Alameda P&T accrued \$ 359,790 of additional interest payable in fiscal year 2006. The Management fee is amortized over 15 years and the amortization expense was \$462,000 in fiscal year 2006.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

Telecom System Revenue Bond Anticipation Notes, Series 2004 -- On April 8, 2004, Alameda P&T issued \$33,000,000 of Revenue Bond Anticipation Notes. Proceeds were used to pay the balance of the Certificates of Participation 2000B, to finance additional costs of the construction, equipping and improvement of the Telecom System and to establish a reserve to pay capitalized interest on the Notes through their maturity dates. The Notes mature on June 1, 2009. The Notes bear interest at 7% and interest payments are made semi-annually on December 1 and June 1 from funds provided by the capitalized interest reserve.

Loan from City of Alameda -- On December 16, 2003 at the request of the Public Utilities Board, the Alameda City Council authorized a loan of \$2,200,000 to Alameda P&T for the purpose of construction of the hybrid fiber-optic/coaxial telecom system. The loan is interest free and is due on June 1, 2009.

G. *KQED, Inc.*

On May 1, 1990 the City acted as a financial intermediary in order to assist the public television station KQED, Inc. in issuing \$17,200,000 in variable rate demand bonds. The bonds are payable solely from revenues collected by KQED, Inc. The City has not included these bonds in its basic financial statements since it is not legally or morally obligated for the repayment of the bonds.

NOTE 7 - SPECIAL ASSESSMENT DEBT WITHOUT CITY'S COMMITMENT

Paragon Gateway Community Facilities District #2, Harbor Bay Community Facilities District #1-1996 Series A Revenue Bonds, 1998 Refunding Improvement Bonds (Harbor Bay Business Park), and the Alameda Public Financing Authority 1999 Revenue Bonds (Marina Village Assessment District Bond Refinancing), have also issued debt, but the City has no legal or moral liability with respect to the payment of this debt, which is secured only by assessments on the properties in these Districts.

At June 30, 2006, these Districts' outstanding debt amounted to \$55,530,000.

NOTE 8 – NET ASSETS AND FUND BALANCES

A. *Net Assets*

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three categories. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in capital assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low-and-moderate-income purposes.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Unrestricted describes the portion of Net Assets which is not restricted to use.

B. Fund Balance

Fund balance consists of reserved and unreserved amounts. Reserved fund balance represents that portion of a fund balance, which has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved.

A portion of unreserved fund balance may be designated to indicate plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans are subject to change and may never be legally authorized or result in expenditures.

The funds below had fund balance deficits or net asset deficits in the amounts shown at June 30, 2006. Future revenues are expected to offset these deficits.

Special Revenue Funds:

Alameda Point Improvement Project Area	\$1,016,491
FISC Lease Revenue	5,687,985
Narcotics Assets Seizure	82,355

Internal Service Funds:

Workers' Compensation Insurance	5,455,110
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Expenditures in Excess of Budget

The funds below incurred expenditures or expenses in excess of their budgets in the amounts below as the result of unanticipated disbursements for the year ended June 30, 2006. Sufficient funds were available to fund these expenditures.

General Fund:

Fire	\$267,728
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Special Revenue Funds:

Business and Waterfront Improvement Project Area	
Housing and Community Services	718,021
Capital Outlay	8
Commercial Revitalization	
Development Services	95,608
Athletic Trust Fund	
Capital Outlay	6,025
Waste Reduction Surcharge	
Capital Outlay	4,244

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS

A. *CALPERS Safety and Miscellaneous Employees Plans*

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2006, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of annual salary	3.000%	2.000%
Required employee contribution rates	9.000%	7.000%
Required employer contribution rates	33.941%	13.689%

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 8.25% is assumed, including inflation at 3.5%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS (Continued)

The Plans' actuarial value (which differs from market value) and funding progress over the most recently available past three years is set forth below at their actuarial valuation date of June 30:

Safety Plan:

Actuarial						Unfunded (Overfunded)
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Liability as % of Payroll
2002	\$176,017,945	\$137,242,736	\$38,775,209	78.0%	\$19,091,708	203.1%
2003	185,987,125	141,110,783	44,876,342	75.9%	20,549,153	218.4%
2004	198,572,604	150,663,110	47,909,494	75.9%	20,542,771	233.2%

Miscellaneous Plan:

Actuarial						Unfunded (Overfunded)
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Liability as % of Payroll
2002	\$117,077,937	\$119,582,264	(\$2,504,327)	102.1%	\$27,463,321	(9.1%)
2003	133,411,431	120,299,862	13,111,569	90.2%	31,168,669	42.1%
2004	143,447,821	127,047,861	16,399,960	88.6%	32,848,338	49.9%

Audited annual financial statements are available from CALPERS at PO Box 942709, Sacramento, CA 94229-2709.

Actuarially required contributions for fiscal years 2006, 2005, and 2004 were \$11,569,361, \$10,106,802, and \$9,861,135. The City made these contributions as required, together with certain immaterial amounts required as the result of the payment of overtime and other additional employee compensation.

B. Police and Fire Pension Plans

The City sponsors and administers two single employer defined benefit retirement plans for its police and fire department retirees. Police and fire employees who entered service before 1953 participate in Plan 1079, a closed plan consisting of 51 participants, all of whom are retired employees or beneficiaries. Employees with 25 or more years of service receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the retiree one year prior to the date of retirement. Employees terminated after 10 but before 25 years of service receive monthly pension benefits in the proportion that the number of years service bears to 25. Qualified surviving spouses receive the retirees' monthly pension benefits for life. Upon remarriage, the qualified surviving spouse receives one-half of the retiree's monthly pension benefits. Employees who became disabled from service-related causes receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the disabled employee on the date of their disability, reduced by any workers' compensation benefits received.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS (Continued)

Plan 1082 is a closed plan consisting of two retired employees who receive monthly pension benefits of \$2,207 and \$1,302, respectively, adjusted annually by a maximum of 2% per year cost-of-living adjustment. Upon the death of a retiree, the qualified spouse receives one-half of the retiree's monthly pension benefit for life or until remarriage.

C. Funding Policy

Although Plans 1079 and 1082 may have some allocated assets, the City's contribution policy is to fund the plans on a pay-as-you-go basis. The annual required contribution equals the greater of:

- 15 year amortization of the unfunded actuarial accrued liability, or
- actual benefits paid during the year

D. Annual Pension Cost

Government Accounting Standards Board Statement No. 27 (Statement 27) requires the City to determine the plan's annual pension cost based on the most recent actuarial valuation. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the City's annual required contribution as the greater of (a) a 15-year amortization of the unfunded actuarial liability or, (b) actual benefit payments made for the year.

For fiscal year ending June 30, 2006, the City's annual required contribution was \$3,092,000 for Plan 1079 and \$40,000 for Plan 1082. This amount is equal to the City's actual contributions of \$3,092,000 for Plan 1079 and \$40,000 for Plan 1082. The required contribution was determined based on a projection of the January 1, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4.0% investment return (net of administrative expenses), (b) the CalPERS 1997 – 2002 Experience Study table for Males and Females, (c) projected annual benefit increases of 4% a year for Plan 1079 and cost-of-living adjustment of 2% per year for Plan 1082. Both (a) and (c) include a 3% annual inflation component. At June 30, 2006, the City had a net pension obligation of \$508,000, which was reported on the Statement of Net Assets.

E. Trend Information - Plans 1079 and 1082

The following table provides nine years of historical information of the Annual Pension Cost:

Plan 1079:

Fiscal Year Ending	Annual Pension Cost (APC) (000's omitted)	Percentage of APC Contributed	Net Pension Obligation (000's omitted)
6/30/2004	3,358	101%	418
6/30/2005	2,699	116%	(9)
6/30/2006	3,478	89%	377

Plan 1082:

Fiscal Year Ending	Annual Pension Cost (APC) (000's omitted)	Percentage of APC Contributed	Net Pension Obligation (000's omitted)
6/30/2004	71	55%	115
6/30/2005	69	57%	145
6/30/2006	26	154%	131

** Annual Pension Cost information for fiscal years before July 1, 1999 was provided by the City.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS (Continued)

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
<i>Plan 1079</i>						
6/30/2004	\$0	\$31,069,000	\$31,069,000	0%	N/A	N/A
6/30/2005	0	30,839,000	30,839,000	0%	N/A	N/A
6/30/2006	0	27,927,000	27,927,000	0%	N/A	N/A
<i>Plan 1082</i>						
6/30/2004	\$0	\$778,000	\$778,000	0%	N/A	N/A
6/30/2005	0	843,000	843,000	0%	N/A	N/A
6/30/2006	0	832,000	832,000	0%	N/A	N/A

Audited financial statements are available from the City of Alameda at 2263 Santa Clara Avenue, Room 220, Alameda, California 94501.

F. Other Retirement Systems

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan. Effective January 1, 1995, the City contracted with the Public Agency Retirement System (PARS), a defined contribution plan. This Plan covers part-time, seasonal and temporary employees and all employees not covered by another retirement system. All eligible employees that are covered by the Plan are fully vested. Employer liabilities are limited to the amount of current contributions.

Under PARS, employees contribute 6% and the City contributes 1.5% of the employee's salary each pay period. For the fiscal year ending June 30, 2006, total contributions of \$221,485 were made based on a total amount of covered compensation of \$2,953,120.

Two of the City's part-time employees elected to be covered under Social Security, which requires these employees and the City to each contribute 6.2% of the employees' pay. Total contributions to Social Security during the year ended June 30, 2006 amounted to \$5,936, of which the City paid one-half.

Effective May 3, 2001 the City adopted the PARS Retirement Enhancement Plan for Council appointed employees as of that date as part of the City Retirement Program. Under the Enhancement Plan specific appointed employees will be entitled to receive retirement benefits of 3% at age 55 as well as medical and disability benefits upon retirement.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS (Continued)

Effective September 1, 2001, the City adopted a Money Purchase Plan for a limited group of employees and appointees as a part of the City Retirement Program, which includes the Housing Authority and Alameda P&T. The employees include all department directors. The appointees include the City Clerk and the City Attorney. Under the Money Purchase Plan, the employer contributes 1% of the individual's salary and the employee contributes a mandatory 2% of their salary. This plan is qualified under Section 401(a) of the Internal Revenue Code. Each participant has a plan account to which contributions are made. Plan benefits are based on the total amount of money in the account at retirement. Since the assets held under these plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

NOTE 10 - RISK MANAGEMENT

The City, the Housing Authority and Alameda P&T manage risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

A. Risk Coverage

The City and ARRA are members of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$25,000,000. The City and ARRA both have self-insured retention of \$500,000 per claim. Once the self-insured retention is met CJPRMA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2006, the City contributed \$745,602 for coverage during the current year and received a refund of \$154,700 of prior year excess contributions.

The City, Alameda P&T and ARRA are members of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which covers workers' compensation claims up to statutory limits. The City, Alameda P&T and ARRA have self-insured retention of up to \$250,000 per claim. During the fiscal year ended June 30, 2006, the City, Alameda P&T and ARRA contributed \$409,968, \$101,955, and \$0 respectively, for current year coverage.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 10 - RISK MANAGEMENT (Continued)

The Housing Authority is a member of the Housing Authorities Risk Retention Pool (HARRP) which covers property liability claims up to \$65,000,000 after a \$1,000 deductible per claim, as well as general liability claims to \$2,000,000 and auto liability claims to \$1,000,000, neither of which require a deductible. During the fiscal year ended June 30, 2006 the Authority contributed \$41,897 for current year coverage.

The Housing Authority is a member of the California Housing Workers' Compensation Authority (CHWCA) which covers workers' compensation claims up to statutory limits. The Housing Authority is not subject to any deductible under this coverage. During the fiscal year ended June 30, 2006 the Housing Authority contributed \$156,302 for current year coverage.

The Alameda P&T has purchased commercial insurance against general liability claims. This policy has a self-insured retention of \$1,000,000.

The following types of loss risks are covered by the above authorities under the terms of their respective joint-powers agreements and through commercial insurance policies as follows:

Type of Coverage	Coverage Limits		
	City	Housing Authority	Alameda P&T
Liability	\$25,000,000	\$3,000,000	\$35,000,000
Auto - Physical damage	Actual Cash Value	2,000,000	1,500,000
Workers' Compensation	Statutory	Statutory	Statutory
All Risk Fire & Property except earthquake and flood	Replacement Cost	10,000,000	300,000,000
Boiler & Machinery	Replacement Cost		20,000,000
Computer Software and Police Vehicle Computers	5,660,000		5,320,000

B. Insurance Internal Service Funds

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

The City's liability for uninsured general liability claims, including claims incurred but not reported is reported in the City's Risk Management Insurance Internal Service Fund. The liability is based on an independent actuarial study prepared biennially and was computed as follows for the years ended June 30:

	2006	2005
Beginning balance	\$1,557,767	\$1,338,673
Liability for current fiscal year claims	641,667	92,204
Increase (decrease) in estimated liability for prior year claims	(1,183,054)	177,609
Claims paid in current year	(69,515)	(50,719)
Ending balance	\$946,865	\$1,557,767

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 10 - RISK MANAGEMENT (Continued)

The change in the Workers' Compensation Insurance Internal Service Fund's claims liability, including claims incurred but not reported as estimated by the City's Risk Manager, is based on historical trend information provided by its third party administrators and was computed as follows at June 30:

	2006	2005
Beginning balance	\$5,236,498	\$6,174,218
Liability for current fiscal year claims	972,871	627,594
Increase (decrease) in estimated liability for prior year claims	1,855,023	166,935
Claims paid in current year	(2,107,939)	(1,732,249)
Ending balance	<u>\$5,956,453</u>	<u>\$5,236,498</u>

The City has not significantly reduced its insurance coverage from the prior year. Furthermore, settlements have not exceeded insurance coverage for the past three fiscal years.

NOTE 11 – ALAMEDA P&T JOINT VENTURES

A. General

Alameda P&T participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of Alameda P&T and the other participating entities unless assumed by them.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the board.

The JPAs are discussed in this note and in Note 10.

Alameda P&T is a member of NCPA, a joint powers agency which operates under a joint powers agreement among 18 public agencies. The purpose of NCPA is to use the combined strength of its members to purchase, generate, sell and interchange electric energy and capacity through the acquisition and use of electrical generation and transmission facilities, and to optimize the use of those facilities and the member's position in the industry. Each agency member has agreed to fund a pro rata share of certain assessments by NCPA and certain members have entered into take-or-pay power supply contracts with NCPA. While NCPA is governed by its members, none of its obligations are those of its members unless expressly assumed by them.

Amounts paid by Alameda P&T to NCPA during the years ended June 30, 2006 and 2005 for purchased power were \$25,859,213 and \$28,245,305, respectively. Amounts paid reflect that NCPA invoiced amounts include payments received by NCPA from the Certificates of Participation 2000AT trustee for Alameda P&T's costs.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 – ALAMEDA P&T JOINT VENTURES (Continued)

Alameda P&T receives no income from NCPA, and does not participate in all of its projects. Further, NCPA does not measure or determine Alameda P&T's equity in NCPA as a whole. NCPA reports only Alameda P&T's share of its General Operating Reserve, comprised of cash and investments, and Alameda P&T's share of those Projects in which Alameda P&T is a participant. These amounts are reflected in the financial statements as Equity in Certain NCPA Projects and Reserve.

Effective July 1, 1998, Alameda P&T restated its Retained Earnings to include its equity in NCPA projects and reserve, and its Statement of Revenues and Expenses to include the effects of changes in its equity in NCPA projects and reserve. These changes are set forth below:

	Fiscal Year Ended June 30	
	2006	2005
Beginning balance	\$13,213,781	\$11,805,479
Increase in equity in NCPA projects	2,984,288	1,408,302
Ending balance	<u>\$16,198,069</u>	<u>\$13,213,781</u>

Alameda P&T's interest in NCPA Projects and Reserve, as computed by NCPA, is set forth below.

	June 30	
	2006	2005
General Operating Reserve	\$13,838,260	\$10,825,630
Associated Member Services	285,498	365,445
Net book value of amounts contributed to fund		
Alameda P&T's share of NCPA power projects:		
Geothermal Projects/Power Line	1,184,385	1,532,436
Calaveras Hydroelectric Project	539,705	226,641
Combustion Turbine Project No. 1	61,588	29,398
Combustion Turbine Project No. 2	288,633	234,231
	<u>\$16,198,069</u>	<u>\$13,213,781</u>

The General Operating Reserve represents Alameda P&T's portion of funds which resulted from the settlement in prior years of issues with financial consequences and reconciliations of several prior years' budgets for programs. These funds are available on demand and earn interest, but Alameda P&T has left them with NCPA as a reserve against contingencies identified by NCPA.

Members of NCPA may participate in an individual project of NCPA without obligation for any other project. Member assessments collected for one project may not be used to finance other projects of NCPA without the member's permission.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 – ALAMEDA P&T JOINT VENTURES (Continued)

B. *Projects in which Alameda P&T is a Participant*

Geothermal Projects

A purchased power agreement with NCPA obligates Alameda P&T for 17.05407% of the debt service for two NCPA 110-megawatt geothermal steam powered generating plants, Plant Number 1 and Plant Number 2 located in the Geysers area in Northern California. Alameda P&T is obligated to pay 16.8825% of the operating costs of both plants.

NCPA has continued to monitor the geothermal steam production wells while pursuing alternatives for improving and extending steam field reservoir performance, including supplemental water reinjection, plant equipment modifications, and changes in operating methodology. NCPA, along with other steam field operators, has observed a substantial increase in steam production in the vicinity of reinjection wells and has evaluated a number of alternatives to increase water reinjection at strategic locations. NCPA, together with other steam developers and the Lake County Sanitation District, has completed the construction of a wastewater pipeline project that greatly increased the amount of water available for reinjection.

Based on an internal assessment of the melded costs of power from the Geothermal Project and all other resources available to the members, NCPA believes its members will continue to be able to operate their electric utilities on a competitive basis, while meeting all electric system obligations including those to NCPA. In January 1996, NCPA issued \$167,940,000 (1996 Refunding Series B), and \$5,420,000 (1996 Taxable Series C) in variable rate revenue bonds, the proceeds of which were used to refund a portion of the 1987 Refunding Series A Revenue Bonds. In August 1998, NCPA remarketed \$121,590,000 (1996 Refunding Series A) of revenue bonds changing the interest rate from a weekly interest rate to a long-term rate. Alameda P&T is obligated to pay its contractual share of the debt until it is fully satisfied, regardless of resulting cost or availability of energy. At June 30, 2006, the book value of this Project's plant, equipment and other assets was \$164,647,974 while its long-term debt totaled \$100,669,151, and other liabilities totaled \$25,834,129. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$21,573,955 at that date.

Geothermal Public Power Line

In 1983, NCPA, Sacramento Municipal Utility District, the City of Santa Clara and the Modesto Irrigation District (joint owners) initiated studies for a Geothermal Public Power Line (GPPL) which would carry power generated at several existing and planned geothermal plants in the Geysers area to a location where the joint owners could receive it for transmission to their load centers. NCPA has an 18.5% share of this Project and Alameda P&T has a 30.359% participation in NCPA's share. In 1989, the development of the proposed Geothermal Public Power Line was discontinued because NCPA was able to contract for sufficient transmission capacity to meet its needs in the Geysers. However, because the project financing provided funding for an ownership interest in a PG&E transmission line, a central dispatch facility and a performance bond pursuant to an Interconnection Agreement with PG&E, as well as an ownership interest in the proposed GPPL, NCPA issued \$16,000,000 in long-term, fixed-rate revenue bonds in November 1989 to defease the remaining variable rate refunding bonds used to refinance this project. In December 1998, NCPA issued \$9,920,000 in fixed rate revenue bonds, the proceeds of which were used to refund outstanding transmission project revenue bonds and to pay costs of issuance of the debt. Alameda P&T is obligated to pay its 30.359% share of the related debt service, but debt service costs are covered through NCPA billing mechanisms that allocate the costs to members based on use of the facilities and services.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 – ALAMEDA P&T JOINT VENTURES (Continued)

At June 30, 2006, the book value of this Project's plant, equipment and other assets was \$4,107,495 while its long-term debt totaled \$3,297,104, and other liabilities totaled \$810,397. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$1,246,996 at that date.

Calaveras Hydroelectric Project

In July 1981, NCPA agreed with Calaveras County Water District to purchase the output of the North Fork Stanislaus River Hydroelectric Development Project, during the initial 50-year Federal Energy Regulatory Commission license period, and to finance its construction. Debt service payments to NCPA began in February 1990 when the project was declared substantially complete and power was delivered to the participants. In April 2002, NCPA issued \$86,620,000 (2002 Refunding Series A for \$43,310,000 and 2002 Refunding Series B for \$43,310,000) in variable rate demand bonds for the purpose of providing funds, together with available funds, to refund a portion of the bonds issued in 1992 in order to realize debt service savings. In March 2003, NCPA issued \$55,040,000 (2003 Refunding Series A for \$49,130,000 and 2003 Refunding Series B for \$5,910,000) in variable rate demand bonds for the purpose of providing funds, together with other available moneys, to refund a portion of NCPA's outstanding Hydroelectric Project Number One Revenue Bonds, 1993 Refunding Series A, in order to realize debt service savings. Under its power purchase agreement with NCPA, Alameda P&T is obligated to pay 10% of this Project's debt service and operating costs. At June 30, 2006, the book value of this Project's plant, equipment and other assets was \$511,981,096 while its long-term debt totaled \$480,515,361 and other liabilities totaled \$23,465,486. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$50,398,085 at that date.

Combustion Turbine Project No. 1

In October 1984, NCPA financed a five-unit, 125-megawatt combustion turbine project. The project, built in three member cities including Alameda, began full commercial operation in June 1986, providing reserve and peaking power. In December 1989, NCPA issued \$68,958,257 in fixed rate revenue bonds, the proceeds of which were used to defease the bonds then outstanding. In December 1998, NCPA issued \$43,165,000 in fixed rate revenue bonds, the proceeds of which were used to refund outstanding revenue bonds and to pay costs of issuance of the debt. Under the NCPA power purchase agreement, Alameda P&T is obligated to pay 13.092% of this Project's debt service and operating costs. At June 30, 2006, the book value of this Project's plant, equipment and other assets was \$21,066,762 while its long-term debt totaled \$15,296,892, and other liabilities totaled \$3,270,282. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$2,430,814 at that date.

Combustion Turbine Project No. 2 (Steam Injected Gas Turbine Project)

Alameda P&T is a participant in a 49.8 megawatt Steam Injected Gas Turbine project which was built under turnkey contract near the City of Lodi and declared substantially complete on April 23, 1996. In October 1992, NCPA issued \$152,320,000 of Multiple Capital Facilities Revenue Bonds to finance this project, a similar project for the Turlock Irrigation District in Ceres, and Lodi system facilities. In January 1999, NCPA issued \$67,875,000 in fixed rate revenue bonds to refund a portion of outstanding Capital Facilities Bonds and to pay debt service (consisting of interest only) on the 1999 Bonds through August 1, 2002 and a portion of the interest due on the 1999 Bonds on February 1, 2003, and to pay costs of the issuance of the debt. Under the NCPA power purchase agreement, Alameda P&T is obligated to pay 19.00% of the debt service and operating costs for the Lodi unit.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 – ALAMEDA P&T JOINT VENTURES (Continued)

Alameda P&T's participation in procurement of natural gas for fuel for existing and new combustion turbine units was approved in 1993. Although there is currently no additional debt financing, Alameda P&T and NCPA have committed to long-term payments for gas transmission pipeline capacity, and entered a purchase contract for natural gas. Alameda P&T is obligated to pay 19.0%.

At June 30, 2006, the book value of this Project's plant, equipment and other assets was \$68,829,566 while its long-term debt totaled \$65,125,524 and other liabilities totaled \$2,365,589. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$12,823,311 at that date.

Graeagle Hydroelectric Project

Alameda P&T's participation in this small hydroelectric project was approved in 1993. Although this project does not involve any financing, it does involve a long-term contractual commitment to purchase the power produced by the project. Alameda P& T receives 50% of the power from this small hydroelectric project.

Morgan Stanley Power Purchase Contract

In April 2002, Alameda P&T entered into a contract with Morgan Stanley Capital Group (MSCG) for the delivery of power. From January 1 through March 31 and from October 1 through December 31 during each of the calendar years 2005-2014 MSCG has agreed to deliver 15 megawatts of power 24-hours per day.

Highwinds Project Power Purchase

In December 2004, Alameda P&T entered into a long-term power purchase agreement with PPM Energy, Inc. for power supplied by the Highwinds Project in Solano County, California. Alameda P&T will receive 6.17% of the output of the 162 megawatt project (nameplate rating) or 10 megawatts until June 30, 2028.

Landfill Gas Projects Power Purchase

During 2004 and 2005, Alameda P&T entered into four long-term power purchase agreement for power supplied by multiple existing and proposed generating facilities. These facilities utilize combustible gaseous emissions from landfills, located in or near the San Francisco Bay area to create power. Alameda P&T began receiving nearly 4 megawatts of base-load power from the first 2 facilities in early 2006. An additional 4 megawatts of base-load output from the 2 facilities under construction is expected to begin when they become operational in early 2007.

California Electric Industry Restructuring

In September 1996, the California State legislature signed into law Assembly Bill 1890 (AB 1890) deregulating the electric power supply market and restructuring the electric power industry in California. While the majority of the legislation was directed at investor-owned utilities (IOUs), Alameda P&T and other California publicly owned utilities were greatly affected by the restructuring of markets and the ensuing wild fluctuations in prices that resulted from a deficiency in generating capacity and an immature and flawed market structure.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 – ALAMEDA P&T JOINT VENTURES (Continued)

Because Alameda P&T has its own generating resources and is not dependent on the wholesale market to purchase power, it was not negatively impacted by these price swings.

Proposals by the California Independent System Operator to redesign the wholesale electricity market in California are now under development, and in some cases being implemented. These proposals contain their own set of risks and uncertainties for Alameda P&T and the other NCPA members.

NCPA plays an active role in protecting members' contractual rights in Federal Energy Regulatory Commission (FERC), California Public Utilities Commission (CPUC), and other legislative/regulatory proceedings. Priorities related to industry restructuring include the preservation of local control authority for publicly owned utilities, assuring open and fair access to wholesale markets and the transmission grid, and maintaining members' preference access to power from the Central Valley Project and Western Area Power Administration.

NCPA's Generation Operations and Power Management Business Units work in tandem to optimize system operations and identify market power sales/purchase opportunities.

NCPA Financial Information

NCPA's financial statements can be obtained from NCPA, 180 Cirby Way, Roseville, CA 95678.

Transmission Agency of Northern California (TANC)

Alameda P&T is a member of a joint powers agreement with 14 other entities in TANC. TANC's purpose is to provide electrical transmission or other facilities for the use of its members. While governed by its members, none of TANC's obligations are those of its members unless expressly assumed by them. Alameda P&T is obligated to pay 1.333% of TANC's debt-service and operating costs related to the California-Oregon Transmission Project (COTP) and 1.6424% of the tax exempt portion of the commercial paper program. Alameda P&T is also obligated to pay for and receive service from a portion of the South of Tesla transmission under an agreement between TANC and Pacific Gas & Electric Company.

According to the 1985 Project Agreement with TANC for the development of the COTP and subsequent related project agreements, Alameda P&T is obligated to pay its share of the project's costs, including debt service and is entitled to the use of a percentage of the project's transmission or transfer capacity. TANC has issued Revenue Bonds for \$385,630,000 and Tax Exempt Commercial Paper notes for \$34,595,000 as of June 30, 2006. Alameda P&T's share of this debt is \$5,140,448 and \$568,188, respectively.

TANC Financial Information

TANC's financial statements can be obtained from TANC, P.O. Box 15129, Sacramento, CA 95851.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 12 - COMMITMENTS AND CONTINGENCIES

A. *City*

The City (through the Community Improvement Commission) has an agreement extending through 2014 under which it refunds a portion of Alameda Marina Village Assessment District incremental property taxes to the Alameda Marina Village property owners as a partial offset of their assessment liability. These refunds have been reported as housing and community services expenditures in the West End Community Improvement Commission Special Revenue Fund.

On January 18, 1989, the Commission and the Housing Authority of the City of Alameda entered into an agreement to provide affordable housing through the Independence Plaza development. Under the agreement, the Commission agreed to provide construction funding, a rental subsidy and a subsidy of the pro-rata share of the operating deficit to the Housing Authority. The agreement will end in July 2024. These rental subsidies have been reported in the West End Community Improvement Project Area Low and Moderate Income Housing Special Revenue Fund.

The City participates in several Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

B. *Alameda P&T*

Under the terms of its NCPA and TANC joint venture agreements, Alameda P&T is liable for a portion of the bonded indebtedness issued by these agencies under take-or-pay or similar agreements, as discussed in Note 11. Alameda P&T's estimated share of such debt outstanding at June 30, 2006 was \$94,181,797 under certain circumstances, Alameda P&T may also be responsible for a portion of the costs of operating these entities. Under certain circumstances, such as default or bankruptcy of other participants, Alameda P&T may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants. These "step up" provisions are generally capped at a 25 percent increase.

Alameda P&T is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, the outcome of these actions cannot be predicted with certainty. In the opinion of the City Attorney, the outcome of these actions will not have a material adverse effect on the financial position of Alameda P&T.

On August 18, 2004, City of Alameda Ordinance No. 2930 granted a five-year extension of non-exclusive cable communication franchise to Alameda P&T. Alameda P&T has finished with its construction of a cable communications system within the City of Alameda to provide cable television and other communications services to the City's residents.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

In November 1999, PG&E filed with FERC its Schedule Coordination Services (SCS) Tariff, alleging that PG&E was entitled to collect from Alameda P&T and other users certain costs imposed by the ISO on PG&E for the period April 1998 to August 2002. On June 1, 2004, PG&E began billing Alameda P&T for these costs. These costs, which are being billed over a twelve-month period, will accumulate to approximately \$3,000,000 including interest, and will be subject to a final determination by the FERC of the amount actually owed. Alameda P&T maintains its position that PG&E has no legal or factual basis for its proposed tariff, and will continue to vigorously contest this charge.

C. *Housing Authority*

On January 18, 1989, the Commission and the Housing Authority of the City of Alameda entered into an agreement to provide affordable housing through the Independence Plaza development. Under the agreement, the Commission agreed to provide construction funding, a rental subsidy and a subsidy of the pro-rata share of the operating deficit to the Housing Authority. The agreement will end in July 2024. These rental subsidies have been reported in the West End Community Improvement Project Area Low and Moderate Income Housing Special Revenue Fund.

NOTE 13 – DEVELOPMENT AGREEMENT

A. *Catellus Mixed Used Development Project*

The Community Improvement Commission and Master Developer (as discussed on Note 14 below) entered into a Disposition and Development Agreement (DDA) dated June 16, 2000, as amended (DDA), to redevelop the former U.S. Navy East Housing, Fleet Industrial Supply Center Annex (FISCA), and Fleet Industrial Supply Center (FISC). Pursuant to the DDA, the Commission agreed to convey to Master Developer, and Master Developer agreed to acquire from the CIC, the Property, in Phases, under the Terms and Conditions set forth in the DDA. The approved and entitled Mixed-Use Master Plan consists of two major components or Phases.

Phase 1 involves the development of approximately 115 acres of land at the former East Housing and FISCA property. Approved land uses include the development of approximately 586 units of new residential housing and a joint use community park and K-8 school. The inclusion of a 25 percent affordable housing requirement is part of a Settlement Agreement by and between the City, Renewed Hope Housing Advocates and Arc Ecology. Of the 586 units to be developed, 58 of the 495 new homes at Bayport will be affordable to moderate-income households and approximately 91 units of new rental housing will be developed for very-low and low-income households. It is estimated that the Phase 1 Project will generate approximately \$28.5 million in net revenues from land sales proceeds; will generate a tax allocation bonding capacity of approximately \$14 million supported by new tax increment generated by the Project; and will generate \$35 million in residential profit participation and approximately \$5 million in reimbursements. These revenues will be used to pay for the Commission's obligations under the DDA, which total approximately \$71 million and include demolition and the construction of major backbone infrastructure to support the current Bayport residential project. At build-out, which is projected in 2008, it is estimated that the total assessed value of the Bayport residential project will total approximately \$400 million.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 13 – DEVELOPMENT AGREEMENT (Continued)

Phase 2 currently entitle for the development of approximately 1.3 million square feet of commercial office, research and development space, and a waterfront promenade on approximately 100-acres at the former FISC property. Phase 2 is currently on hold due to the lack of market to support commercial office, research and development at this time. The Master Developer is currently exploring potential amendments to the Master Plan and Subdivision Map as they pertain to possible re-entitlement of the Business Park Phase to a mix use of commercial, office, retail and residential development.

B. *Bridgeside Shopping Center Project*

In fiscal year 2004 the City entered into an agreement with Regency Realty Group, Inc. (Developer) to develop the Bridgeside Shopping Center Project into a new approximately 108,000 square foot shopping center consisting of both retail space and office space. As of June 30, 2006, the Developer and the Commission had secured agreements with five of the six tenants and were in negotiations with the sixth tenant. In addition, as part of the Project, the Developer will construct a gas station and a car wash. Under this agreement, the Developer must expend construction cost of no less than \$10 million.

As part of the agreement, the Developer purchased the shopping center from the City. The Developer reimbursed the City for \$170,000 of expenses incurred for the acquisition of the project site. In return, the City is to reimburse the Developer up to \$1,000,000 for certain acquisition costs in excess of \$7,000,000. Groundbreaking was held on November 14, 2005, and the Center is anticipated to open in the first quarter of 2007.

C. *Downtown Historic Theatre Complex and Parking Garage Project*

On October 16, 2004, the Community Improvement Commission entered into a Disposition and Development Agreement (DDA) with MovieTecs Incorporated for the development of the Historic Alameda Theatre and related Cineplex and parking garage. The developer entered into an Option Purchase Agreement for two parcels of land to be used as the site of the project on Central Avenue in Alameda. In fiscal year 2005 the Community Improvement Commission purchased the land for the site of the project in the amount of \$811,120. In fiscal year 2006, the City acquired the Historic theater by eminent domain. The design and construction contracts were signed in August 2006.

NOTE 14 – FLEET INDUSTRIAL SUPPLY CENTER (FISC)

A. *Background*

The Alameda Naval Air Station, which included the East Housing Area, closed in April 1997 and the Fleet Industrial Supply Center (FISC) and Annex (FISCA) facility closed in September of 1998. Following the announcement of the proposed transfer of East Housing, FISC and FISCA property from the US Navy to the City of Alameda, from the City to the ARRA, and from the ARRA to the Community Improvement Commission, the City initiated a reuse planning process specific to East Housing and FISC/FISCA.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 14 – FLEET INDUSTRIAL SUPPLY CENTER (FISC) (Continued)

The City formally requested competitive proposals from Bay Area developers for the reuse and redevelopment of the FISC/FISCA facility. During the proposal process, the City invited competing developers to submit proposals for the East Housing property in addition to their original proposals. In February of 1998, after considering each of the development proposals submitted, the City entered into exclusive negotiations with Catellus Development Corporation with the intent that they serve as the Master Developer for the entire approximately 215-acre East Housing, FISC and FISCA property. The City considered action on the DDA that established transfer terms of the former Navy property from the Commission to the Master Developer. The former East Housing property was previously in the APIP Project Area and was merged with the FISC in the BWIP Project Area in 2003. Before this merger occurred, the property had to be transferred from the US Navy to the ARRA, then subsequently to the City through the base disposal process and then to the Commission for purpose of redevelopment.

B. Description of the Parcels

The parcel that the Community Improvement Commission will transfer to the Master Developer consists of the former East Housing, FISCA and FISC. These properties are bounded by Main Street to the west, the College of Alameda to the east, Ralph Appezzato Parkway (formerly Atlantic Avenue) to the south, and the USGC housing area and Oakland/Alameda Inner Harbor to the north.

As of June 30, 2006, 438 of 485 residential lots in the former East Housing and FISCA have been transferred to the Master Developer. The remaining 47 residential lots in the former East Housing and FISCA property will be transferred to the Master Developer in Summer of 2006. The transfer of the remaining land in the former FISC property is on hold until either the market improves for commercial office, research and development space or until this land is re-entitled for a more economically viable use for which Master Developer is currently considering.

C. Quitclaim Deed and Environmental Restrictions

On July 17, 2000, the United States of America acting by and through the Department of the Navy conveyed approximately 147-acres of property comprising the FISC and FISCA to the City of Alameda. The Navy property was closed pursuant to the Defense Base Closure and Realignment Act of 1990 and was no longer required for military purposes. Pursuant to the terms of the Quitclaim Deed, the City of Alameda agreed to accept conveyance of the property subject to all covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, agreements and encumbrances of record. The property included building and structures that contain lead based paints and asbestos. Chlordane (a pesticide) was also found in and around foundation of the East Housing property. In order to assure that the goals of redevelopment were achieved, the City purchased an environmental insurance policy prior to the transfer of the property. With the policy in place the Commission has been able to move forward with the remediation of hazardous materials.

D. Estimated Fair Market Value of the Former East Housing and FISC Property

In May of 2000, Economic and Planning Systems, Inc. (EPS) performed a valuation and review of economic feasibility of development of the former East Housing, FISCA and FISC property for the Community Improvement Commission. EPS determined that because of the size and unique regulatory conditions of a former military base, it is extremely difficult to determine the fair market value of the underutilized property, based on an analysis of comparable prices for similar types of land uses in the vicinity.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 14 – FLEET INDUSTRIAL SUPPLY CENTER (FISC) (Continued)

Based on the appraiser's analysis, the current discounted market value for the project is \$34.5 million. The appraiser's estimate is based on the prospective condition of the property after demolition and infrastructure improvements are completed and assumes development entitlements are granted. The methodology analyzes a market based phased development scenario and utilizes component values of approximately \$75,000 per lot for the residential neighborhood and an average of approximately \$12.50 per square foot for the business park neighborhood.

The improved land value is projected to be realized over a ten-year-period consistent with the likely sale of improved land based on anticipated average absorption rates for homes and commercial space. The revenues are discounted to arrive at a net present value estimated to equal \$34.5 million for the property with entitlements, demolition complete and backbone infrastructure in place.

The analysis prepared by EPS and the Appraiser determined that the cost of demolition and infrastructure required to support the approved land uses were substantial and consequently, the value of the land in its "as-is", unimproved condition, without government subsidy, would be minimal in comparison to the total "at-risk" investment required to improve the property. Without the Commission participation and funding of demolition and infrastructure through land sales proceeds, tax increment, and profit participation, the redevelopment of the property by a private developer and the provisions of public services and facilities may not otherwise occur in a timely manner. The requirements imposed by the Commission assure the property is developed and deficiencies corrected. The participation by the Commission in future revenues enables the Commission potentially to generate an ongoing stream of funds necessary to assure that other public improvements needed to serve the community are completed, and to assure that the goals of redevelopment are achieved.

NOTE 15 – SUBSEQUENT EVENT

On June 21, 2005, the City Council approved the appointment of the current City Manager and authorized the execution of an Employment Agreement that outlines the terms and conditions of employment, including a Housing Assistance Agreement. The terms of the Agreement may be amended by action of the City Council.

The original Housing Assistance Agreement was structured using an equity share concept. However, this structure made it difficult to coordinate with a traditional loan. On April 18, 2006, the City Council amended the Housing Assistance Agreement restructuring it from an equity share concept to a more traditional loan. Additionally, a Loan Agreement and a Subordinate Deed of Trust were required. The amount of the assistance, \$250,000, did not change with the restructuring. The interest rate is established at one-half percent above the current Local Agency Investment Fund rate in order to protect the General Fund's assets.

On July 3, 2006, the Amended and Restated Housing Assistance Agreement was executed, funds transferred and repayment established through payroll withholding.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:**LIBRARY**

This fund accounts for revenues received from the \$0.0175 library tax, library grants and General Fund monies transferred for the Alameda Free Library operations.

GAS TAX

This fund accounts for revenues and expenditures received from the State of California under Street and Highways Code Section 2105, 2106, 2107 and 2107.5. The allocations must be spent for street maintenance and construction and a limited amount for engineering.

TRANSPORTATION IMPROVEMENT

This fund accounts for revenues received under Proposition 42, Traffic Congestion Relief program. The allocation must be spent for Street and Highway maintenance, rehabilitation, reconstruction and storm damage repairs.

TRAFFIC SAFETY

This fund accounts for revenues from fines, forfeitures and penalties. Cities share with the County all fines collected upon conviction of a misdemeanor or an infraction in any municipal or judicial court and bail moneys forfeited following a misdemeanor or infraction committed within City boundaries.

COUNTY MEASURE B

This fund accounts for the City's share of the proceeds of a one-half cent sales tax increase approved by the voters in November 2000. The program is administered by the Alameda County Transportation Improvement Authority. The tax provides funds for the maintenance of local streets, roads, bike path and pedestrian walkway, Ferry and Para transit operations.

CHRPO/LEAD

This fund accounts for funds received from the State of California Department of Housing and Community Development for housing rehabilitation program.

TIDELANDS

This fund accounts for revenues received from tidelands property leases. Leases are for state tidelands properties delegated to local agencies for management and control.

NARCOTICS ASSET SEIZURE

This fund accounts for the City's share from the sale of confiscated assets of convicted felons. These funds are used for specified police activities, i.e. debt service payments for the jail construction project.

SENIOR CITIZENS TRANSPORTATION ASSISTANCE

This fund accounts for the City of Alameda's senior transportation program, which provides door-to-door transportation for the frail, elderly and disabled individuals. Its primary revenue source is County Measure B funds.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

DWELLING UNIT

This fund accounts for revenues from park dedication fees required from all new construction. Monies are accumulated and then appropriated for park development.

PARKING METER

This fund accounts for revenues collected from parking meters and the expenditure of these revenues for parking and transportation related projects.

COMMERCIAL REVITALIZATION

This fund accounts for grant funds intended for the City's commercial revitalization programs.

COMMUNITY DEVELOPMENT BLOCK GRANT

This fund accounts for grant funds received under the Community Development Act of 1974 for activities approved and subject to federal regulations.

HOME FUND

Established to account for funds provided by the U.S. Department of Housing and Urban Development (HUD) through the Federal Home Investment Partnerships Program (HOME). HOME funds can be used for acquisition, conversion, new construction and rehabilitation of single-and/or multiple-family housing.

REHABILITATION REPAYMENT

This fund accounts for loan repayments of low interest and subsidized loan programs. The repayments are used to make additional loans.

HUMAN SERVICES

This fund accounts for the Social Service Human Relations Board's General Fund allocation.

VEHICLE REGISTRATION

This fund accounts for revenues and expenditures associated with AB 434 Fund from the Bay Area Air Quality Management District and Alameda County Congestion Management Agency for local traffic management programs.

AFFORDABLE HOUSING

This fund accounts for housing impact contributions for the purpose of increasing and improving the City of Alameda's supply of low-and-moderate-income housing.

GARBAGE SURCHARGE

This fund accounts for the garbage surcharge charged to commercial and residential garbage customers.

BAYPORT MUNICIPAL SERVICES DISTRICT

This fund accounts for the special assessments and related expenditures for various municipal services provided in Community Facilities District No. 03-1 of the City of Alameda.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

ATHLETIC RECREATION

This fund accounts for revenues and expenditures of the various City of Alameda-recreation-fee programs.

ISLAND CITY MAINTENANCE ASSESSMENT DISTRICT 84-2

This fund accounts for the special assessments and related expenditures for the various landscaping and maintenance areas throughout the City.

WASTE REDUCTION SURCHARGE

This fund accounts for revenues and expenditures related to the waste management and recycling programs.

CURBSIDE RECYCLING

This fund accounts for revenues and expenditures related to curbside recycling.

HOUSING DEVELOPMENT

This fund accounts for Housing Development Division's Housing Authority related revenue and expenditures.

PARKING IN-LIEU

This fund accounts for receipts and expenditures of funds from the City's in-lieu-parking fee charged against certain properties. Collections may be expended only for the purpose of providing parking projects.

DIKE MAINTENANCE

This fund accounts for cash and investments collected from property owners for the maintenance of the Bay Farm Island Dike and for improvements made on behalf of the assessment district.

MARINA COVE MAINTENANCE DISTRICT 01-01

This fund accounts for cash and investments collected from property owners for the maintenance of the Marina Cove and for improvements made on behalf of the assessment district.

TSM/TDM

This fund accounts for the collection of traffic mitigation fees from developers to build up funds for the implementation of Transportation System Management/Transportation Demand Management (TSM/TDM).

PUBLIC ART

This fund accounts for the collection of a Public Art fee from developers for the acquisition and installation of Public Art on the development site.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUNDS:**POLICE BUILDING CERTIFICATES OF PARTICIPATION**

The certificates were issued in July 1996, to finance the Police Building project and refinance the 1990 Certificates of Participation. The debt will be paid from allocations from the Narcotics Asset Seizure Special Revenue Fund and the General Fund.

LIBRARY/GOLF CERTIFICATES OF PARTICIPATION

Certificates were issued in December 1996 to finance the seismic upgrade and renovation of the Carnegie Library building and certain golf course improvements. The debt will be paid from any source of available funds of the City pursuant to a lease agreement between the City of Alameda and the Alameda Public Improvement Corporation.

2002 CITY HALL REFINANCING CERTIFICATES OF PARTICIPATION

This fund accounts for the proceeds from the 2002 Certificates of Participation (City Hall Refinancing Project). The proceeds were used to repurchase the City's 1995 Certificates of Participation, which were issued to finance the City Hall and certain Fire Station Facilities Seismic Upgrade and Renovation Projects.

2003 LIBRARY BONDS

General obligation bonds issued in March 2003 to finance the acquisition and construction of a new main library and improvements to two library branches. The repayment of the bonds is secured by voter approved Measure "O" property tax.

COMMUNITY IMPROVEMENT COMMISSION SUBORDINATE BONDS

These bonds were issued on March 13, 2002 to finance various housing and other redevelopment purposes in accordance with the amended Community Improvement Plan for the Business and Waterfront Improvement Project. These bonds are secured by a first pledge of and lien on all of the tax increment revenues except for any parity obligations.

COMMUNITY IMPROVEMENT COMMISSION 2003 TAX ALLOCATION REFUNDING BONDS BWIP

The 2003 CIC Tax Allocation Refunding Bonds were issued in October 2003 to refund the CIC Business Waterfront Improvement Project (BWIP) Tax Allocation Bonds 2002, Series A and the Alameda Community Facilities District No. 4 Special Tax Bonds, Series 2002-A. These Bonds are secured by a first pledge of and lien on all of the tax increment revenues generated in the project area except for any parity obligations.

COMMUNITY IMPROVEMENT COMMISSION 2003 TAX ALLOCATION BONDS

The 2003 CIC Tax Allocation Bonds were issued December 2003 to finance certain development projects, repaid an interfund loan from the City, and fulfill certain obligations per an Owner's Participation Agreement. These Bonds are secured by a first pledge of and lien on all of the tax increment revenues generated in the project area except for any parity obligations.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

ALAMEDA POINT IMPROVEMENT PROJECT 2003 REVENUE BONDS

The 2003 Demand Revenue Bonds were issued in December 2003 by the Alameda Public Financing Authority to refund the 1999 ARRA Revenue Bonds and to finance professional land use planning and other activities required in the redevelopment process at Alameda Point. The debt will be repaid solely from rental revenues paid to ARRA.

CAPITAL PROJECTS FUNDS:

TRANSPORTATION IMPROVEMENT

This fund accounts for monies earmarked for the construction and improvements of traffic mitigation projects associated with the development of Bay Farm Island.

LIBRARY CONSTRUCTION

This fund accounts for the revenues and construction and acquisition costs of the new main library and the expansion of the Carnegie Library.

URBAN RUNOFF STORM DRAIN FEE

This fund accounts for revenues and expenditures associated with the City's compliance under the Alameda County Urban Runoff Clean Water Program.

COMMUNITY FACILITIES DISTRICT #1

The Community Facilities District #1 was established to finance the acquisition and construction of facilities within the CFD #1 District (Harbor Bay).

COMMUNITY FACILITIES DISTRICT #2

The Community Facilities District #2 (Lincoln property) at the Marina Village area was established to finance the construction and acquisition of public improvements.

HARBOR BAY ISLE 92-1 SPECIAL ASSESSMENT DISTRICT

The Harbor Bay Isle 92-1 Assessment District was established to finance the construction and acquisition of public improvements in the District.

MARINA VILLAGE 89-1 SPECIAL ASSESSMENT DISTRICT

The Marina Village 89-1 Assessment District was established to finance the construction and acquisition of public improvements in the District.

CITYWIDE DEVELOPMENT FEE

This fund accounts for revenues from citywide development impact fees required from certain new developments. Monies are used to mitigate the impacts on availability and condition of public facilities caused by these developments.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

WASTEWATER CAPITAL RESERVE

This fund is required by the State Water Resources Control Board to insure the City has a funding source available for future expansion, major repair or replacement costs, and loan repayment related to the wastewater facilities.

OPEN SPACE IMPROVEMENT

This fund accounts for the deposit of a specified portion of the proceeds of the sale of land into a separate fund whose use would be determined by Council at a later time.

ALAMEDA POINTS IMPROVEMENT PROJECT 2003 REVENUE BONDS

This fund accounts for the Alameda Point major constructions and improvement projects financed through the 2003 Demand Revenue Bonds.

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006

SPECIAL REVENUE FUNDS

	<u>Library</u>	<u>Gas Tax</u>	<u>Transportation Improvement</u>	<u>Traffic Safety</u>	<u>County Measure B</u>	<u>CHRPO LEAD</u>
ASSETS						
Cash and cash equivalents	\$157,425		\$171,986		\$3,976,116	\$18,314
Restricted cash and investments		\$227,225				
Accounts receivable	106,527	126,990	93,834	\$15,811	477,535	3,800
Interest receivable						
Due from other governments					6,116	
Loans receivable						
Prepaid, deposits and bond discounts	150					
Total Assets	<u>\$264,102</u>	<u>\$354,215</u>	<u>\$265,820</u>	<u>\$15,811</u>	<u>\$4,459,767</u>	<u>\$22,114</u>
LIABILITIES						
Accounts payable	\$92,993					
Accrued payroll	24,042					
Due to other funds				\$15,811		
Deferred revenue						
Refundable deposits						
Total Liabilities	<u>117,035</u>			<u>15,811</u>		
FUND EQUITY						
Fund balances						
Reserved for:						
Capital improvement		\$354,215			\$4,459,767	
Debt service						
Low-and-moderate-income housing						
Prepays, loans receivable, and advances to other funds	150					
Unreserved:						
Designated for:						
Special revenue funds						
Capital projects fund						
Undesignated	146,917		\$265,820			\$22,114
Total Fund Balances	<u>147,067</u>	<u>354,215</u>	<u>265,820</u>		<u>4,459,767</u>	<u>22,114</u>
Total Liabilities and Fund Balances	<u>\$264,102</u>	<u>\$354,215</u>	<u>\$265,820</u>	<u>\$15,811</u>	<u>\$4,459,767</u>	<u>\$22,114</u>

SPECIAL REVENUE FUNDS

Tidelands	Narcotics Asset Seizure	Senior Citizens Transportation Assistance	Dwelling Unit	Parking Meter	Commercial Revitalization	Community Development Block Grant	HOME Fund
\$970,522		\$31,363	\$176,121	\$1,640,555	\$8,567,849	\$60,231	
108,168				2,296	963,246 2,971	150,424	\$15,272
				4,419	4,700	2,919	
<u>\$1,078,690</u>		<u>\$31,363</u>	<u>\$176,121</u>	<u>\$1,647,270</u>	<u>\$9,538,766</u>	<u>\$213,574</u>	<u>\$15,272</u>
	\$2,000	\$5,165 175		\$450	\$128,438 362	\$201,829 9,035	\$15,272
	80,355				273,044 24,669	2,710	
	82,355	5,340		450	426,513	213,574	15,272
				4,419	4,700	2,919	
<u>\$1,078,690</u>	<u>(82,355)</u>	<u>26,023</u>	<u>\$176,121</u>	<u>1,642,401</u>	<u>9,107,553</u>	<u>(2,919)</u>	
<u>1,078,690</u>	<u>(82,355)</u>	<u>26,023</u>	<u>176,121</u>	<u>1,646,820</u>	<u>9,112,253</u>		
<u>\$1,078,690</u>		<u>\$31,363</u>	<u>\$176,121</u>	<u>\$1,647,270</u>	<u>\$9,538,766</u>	<u>\$213,574</u>	<u>\$15,272</u>

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006

SPECIAL REVENUE FUNDS

	Rehabilitation Repayment	Human Services	Vehicle Registration	Affordable Housing	Garbage Surcharge	Bayport Municipal Services District
ASSETS						
Cash and cash equivalents	\$965,605	\$15,950	\$38,310	\$400,333	\$571,894	\$208,537
Restricted cash and investments						
Accounts receivable	15,720	13,279		334	14,583	5,352
Interest receivable						
Due from other governments						
Loans receivable	2,608,921			288,990		
Prepaid, deposits and bond discounts						
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$3,590,246</u>	<u>\$29,229</u>	<u>\$38,310</u>	<u>\$689,657</u>	<u>\$586,477</u>	<u>\$213,889</u>
LIABILITIES						
Accounts payable	\$12,986			\$1,318		
Accrued payroll		\$638		1,261		
Due to other funds						
Deferred revenue	2,608,921			288,990		
Refundable deposits						
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,621,907</u>	<u>638</u>	<u> </u>	<u>291,569</u>	<u> </u>	<u> </u>
FUND EQUITY						
Fund balances						
Reserved for:						
Capital improvement						
Debt service						
Low-and-moderate-income housing	968,339			398,088		
Prepays, loans receivable, and advances to other funds						
Unreserved:						
Designated for:						
Special revenue funds						
Capital projects fund						
Undesignated		28,591	\$38,310		\$586,477	\$213,889
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>968,339</u>	<u>28,591</u>	<u>38,310</u>	<u>398,088</u>	<u>586,477</u>	<u>213,889</u>
Total Liabilities and Fund Balances	<u>\$3,590,246</u>	<u>\$29,229</u>	<u>\$38,310</u>	<u>\$689,657</u>	<u>\$586,477</u>	<u>\$213,889</u>

SPECIAL REVENUE FUNDS

Athletic Recreation	Island City Maintenance Assessment District 84-2	Waste Reduction Surcharge	Curbside Recycling	Housing Development	Parking In-Lieu	Dike Maintenance	Marina Cove Maintenance District 01-01
\$723,609	\$908,983	\$4,552,942	\$171,848	\$108,384	\$73,160		
6,147	57,800	130,397		188		\$118,974	\$205,357 3,937
							1,021
<u>\$729,756</u>	<u>\$966,783</u>	<u>\$4,683,339</u>	<u>\$171,848</u>	<u>\$108,572</u>	<u>\$73,160</u>	<u>\$118,974</u>	<u>\$210,315</u>
\$54,215 11,937	\$74,475	\$16,950 2,897	\$66				
7,885 14,940							
<u>88,977</u>	<u>74,475</u>	<u>19,847</u>	<u>66</u>				
640,779	892,308	4,663,492					
			171,782	\$108,572	\$73,160	\$118,974	\$210,315
<u>640,779</u>	<u>892,308</u>	<u>4,663,492</u>	<u>171,782</u>	<u>108,572</u>	<u>73,160</u>	<u>118,974</u>	<u>210,315</u>
<u>\$729,756</u>	<u>\$966,783</u>	<u>\$4,683,339</u>	<u>\$171,848</u>	<u>\$108,572</u>	<u>\$73,160</u>	<u>\$118,974</u>	<u>\$210,315</u>

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			
	TSM/TDM	Public Art	Police Building	Certificates of Participation Library/ Golf	2002 City Hall Refinancing	2003 Library Bonds
ASSETS						
Cash and cash equivalents	\$41,584	\$32,918				
Restricted cash and investments			\$230,756	\$631,989	\$1,573,343	\$392,459
Accounts receivable						53,448
Interest receivable						
Due from other governments						
Loans receivable						
Prepaid, deposits and bond discounts						
Total Assets	<u>\$41,584</u>	<u>\$32,918</u>	<u>\$230,756</u>	<u>\$631,989</u>	<u>\$1,573,343</u>	<u>\$445,907</u>
LIABILITIES						
Accounts payable						
Accrued payroll						
Due to other funds						
Deferred revenue						
Refundable deposits						
Total Liabilities						
FUND EQUITY						
Fund balances						
Reserved for:						
Capital improvement						
Debt service			\$230,756	\$631,989	\$1,573,343	\$445,907
Low-and-moderate income housing						
Prepays, loans receivable, and advances to other funds						
Unreserved:						
Designated for:						
Special revenue funds						
Capital projects fund						
Undesignated	<u>\$41,584</u>	<u>\$32,918</u>				
Total Fund Balances	<u>41,584</u>	<u>32,918</u>	<u>230,756</u>	<u>631,989</u>	<u>1,573,343</u>	<u>445,907</u>
Total Liabilities and Fund Balances	<u>\$41,584</u>	<u>\$32,918</u>	<u>\$230,756</u>	<u>\$631,989</u>	<u>\$1,573,343</u>	<u>\$445,907</u>

DEBT SERVICE FUNDS				CAPITAL PROJECTS FUNDS		
Community Improvement Commission Subordinate Bonds	Community Improvement Commission 2003 Tax Allocation Refunding Bonds BWIP	Community Improvement Commission 2003 Tax Allocation Bonds	Alameda Point Improvement Project 2003 Revenue Bonds	Transportation Improvement	Library Construction	Urban Runoff Strom Drain Fee
\$154,414	\$220,237		\$1,081,339	\$921,959	\$994,538	\$4,516,262
393,279	1,295,238	\$4,429,920	\$916,656			98,805
\$547,693	\$1,515,475	\$4,429,920	\$1,997,995	\$921,959	\$994,538	\$4,615,067
				\$4,544		\$2,982
						11,668
				4,544		14,650
\$547,693	\$1,515,475	\$4,429,920	\$1,997,995			
				917,415		
					\$994,538	\$4,600,417
547,693	1,515,475	4,429,920	1,997,995	917,415	994,538	4,600,417
\$547,693	\$1,515,475	\$4,429,920	\$1,997,995	\$921,959	\$994,538	\$4,615,067

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006

	CAPITAL PROJECTS FUNDS				
	Community Facility District #1	Community Facility District #2	Special Assessment District		Citywide Development Fee
			Harbor Bay Isle 92-1	Marina Village 89-1	
ASSETS					
Cash and cash equivalents	\$215	\$6,474	\$3,519	\$85,431	\$1,333,088
Restricted cash and investments		470,747	1,152,195	2,550,554	
Accounts receivable					
Interest receivable					
Due from other governments					
Loans receivable					
Prepaid, deposits and bond discounts					
Total Assets	<u>\$215</u>	<u>\$477,221</u>	<u>\$1,155,714</u>	<u>\$2,635,985</u>	<u>\$1,333,088</u>
LIABILITIES					
Accounts payable					
Accrued payroll					
Due to other funds					
Deferred revenue					
Refundable deposits					
Total Liabilities					
FUND EQUITY					
Fund balances					
Reserved for:					
Capital improvement	\$215	\$477,221	\$1,155,714	\$2,635,985	\$1,333,088
Debt service					
Low-and-moderate-income housing					
Prepays, loans receivable, and advances to other funds					
Unreserved:					
Designated for:					
Special revenue funds					
Capital projects fund					
Undesignated					
Total Fund Balances	<u>215</u>	<u>477,221</u>	<u>1,155,714</u>	<u>2,635,985</u>	<u>1,333,088</u>
Total Liabilities and Fund Balances	<u>\$215</u>	<u>\$477,221</u>	<u>\$1,155,714</u>	<u>\$2,635,985</u>	<u>\$1,333,088</u>

CAPITAL PROJECTS FUNDS

Wastewater Capital Reserve	Open Space Improvement	Alameda Point Improvement Project 2003 Revenue Bonds	Total Nonmajor Governmental Funds
\$16,393	\$917,559	\$21,289 596,634	\$34,857,256 15,185,326 2,463,893 2,971 6,116 2,897,911 13,209
<u>\$16,393</u>	<u>\$917,559</u>	<u>\$617,923</u>	<u>\$55,426,682</u>
		\$20,734	\$634,351 62,081 96,166 3,178,840 42,319
		<u>20,734</u>	<u>4,013,757</u>
\$16,393	\$917,559	\$597,189	11,947,346 11,373,078 1,366,427 12,188 6,196,579 917,415 19,599,892
<u>16,393</u>	<u>917,559</u>	<u>597,189</u>	<u>51,412,925</u>
<u>\$16,393</u>	<u>\$917,559</u>	<u>\$617,923</u>	<u>\$55,426,682</u>

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS					
	Library	Gas Tax	Transportation Improvement	Traffic Safety	County Measure B	CHRP LEAD
REVENUES						
Taxes	\$1,277,735					
Other taxes						
Licenses and permits						
Revenue from other agencies	65,804	\$1,367,229	\$334,110		\$2,777,741	\$8,800
Charges for current services	64,404					
Fines and forfeitures				\$217,551		
Use of money and property		1,702	1,710	574	55,814	144
Affordable housing fees						
Other						
Total Revenues	1,407,943	1,368,931	335,820	218,125	2,833,555	8,944
EXPENDITURES						
Current:						
General government						
Public works						
Development services						
Culture and leisure	2,635,162					
Housing and community services						8,800
Capital outlay	426					
Payment to other agencies						
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	2,635,588					8,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,227,645)	1,368,931	335,820	218,125	2,833,555	144
OTHER FINANCING SOURCES (USES)						
Transfers in	1,544,565				211,268	
Transfers (out)	(240,208)	(1,086,876)	(70,000)	(218,125)	(1,738,572)	
Total Other Financing Sources (Uses)	1,304,357	(1,086,876)	(70,000)	(218,125)	(1,527,304)	
NET CHANGE IN FUND BALANCES	76,712	282,055	265,820		1,306,251	144
BEGINNING FUND BALANCES (DEFICITS)	70,355	72,160			3,153,516	21,970
ENDING FUND BALANCES (DEFICITS)	\$147,067	\$354,215	\$265,820		\$4,459,767	\$22,114

SPECIAL REVENUE FUNDS

<u>Tidelands</u>	<u>Narcotics Asset Seizure</u>	<u>Senior Citizens Transportation Assistance</u>	<u>Dwelling Unit</u>	<u>Parking Meter</u>	<u>Commercial Revitalization</u>	<u>Community Development Block Grant</u>	<u>HOME Fund</u>
			\$190,176				
	\$2,918			\$544,948	\$371,361	\$875,703	\$69,282
\$293,485			2,061	23,198	107,156		
		\$1,821			287		
<u>293,485</u>	<u>2,918</u>	<u>1,821</u>	<u>192,237</u>	<u>568,146</u>	<u>478,804</u>	<u>875,703</u>	<u>69,282</u>
26,613	2,000	125,156		63,949			
					1,057,608		
					251,153	1,303,895 2,324	69,282
<u>26,613</u>	<u>2,000</u>	<u>125,156</u>		<u>63,949</u>	<u>1,308,761</u>	<u>1,306,219</u>	<u>69,282</u>
266,872	918	(123,335)	192,237	504,197	(829,957)	(430,516)	
(91,955)		123,336	(58,956)	(164,052)	9,433,978 (1,406)	430,516	
<u>(91,955)</u>		<u>123,336</u>	<u>(58,956)</u>	<u>(164,052)</u>	<u>9,432,572</u>	<u>430,516</u>	
174,917	918	1	133,281	340,145	8,602,615		
<u>903,773</u>	<u>(83,273)</u>	<u>26,022</u>	<u>42,840</u>	<u>1,306,675</u>	<u>509,638</u>		
<u>\$1,078,690</u>	<u>(\$82,355)</u>	<u>\$26,023</u>	<u>\$176,121</u>	<u>\$1,646,820</u>	<u>\$9,112,253</u>		

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS					
	Rehabilitation Repayment	Human Services	Vehicle Registration	Affordable Housing	Garbage Surcharge	Bayport Municipal Service District
REVENUES						
Taxes						\$193,878
Other taxes					\$189,583	
Licenses and permits						
Revenue from other agencies		\$51,183				
Charges for current services						
Fines and forfeitures						
Use of money and property	\$552,365		\$588	\$48,050	8,344	2,077
Affordable housing fees				173,871		
Other	4,196	1,125		45		33
Total Revenues	556,561	52,308	588	221,966	197,927	195,988
EXPENDITURES						
Current:						
General government				36,381		673
Public works						
Development services						
Culture and leisure						
Housing and community services		65,877		5,971		
Capital outlay				892		
Payment to other agencies						
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures		65,877		43,244		673
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	556,561	(13,569)	588	178,722	197,927	195,315
OTHER FINANCING SOURCES (USES)						
Transfers in		33,048		1,000		
Transfers (out)	(430,516)				(83,682)	(37,088)
Total Other Financing Sources (Uses)	(430,516)	33,048		1,000	(83,682)	(37,088)
NET CHANGE IN FUND BALANCES	126,045	19,479	588	179,722	114,245	158,227
BEGINNING FUND BALANCES (DEFICITS)	842,294	9,112	37,722	218,366	472,232	55,662
ENDING FUND BALANCES (DEFICITS)	\$968,339	\$28,591	\$38,310	\$398,088	\$586,477	\$213,889

SPECIAL REVENUE FUNDS

	Athletic Recreation	Island City Maintenance Assessment District 84-2	Waste Reduction Surcharge	Curbside Recycling	Housing Development	Parking In-Lieu	Dike Maintenance	Marina Cove Maintenance District 01-01
		\$1,136,669	\$1,242					\$77,418
	\$3,272		496,305					
	1,433,953	32,929	458,161	\$64				
	301,847	10,507	66,657	2,801	\$3,836	\$1,122	\$4,338	2,933
	<u>1,739,072</u>	<u>1,180,105</u>	<u>1,022,365</u>	<u>2,865</u>	<u>3,836</u>	<u>1,122</u>	<u>4,338</u>	<u>80,351</u>
	1,445,342			27				
		1,002,551	364,039					4,563
	6,025		4,244					
	<u>1,451,367</u>	<u>1,002,551</u>	<u>368,283</u>	<u>27</u>				<u>4,563</u>
	287,705	177,554	654,082	2,838	3,836	1,122	4,338	75,788
	(97,902)	3,000	(150,447)	(19,939)			(203,528)	(30,475)
	<u>(97,902)</u>	<u>3,000</u>	<u>(150,447)</u>	<u>(19,939)</u>			<u>(203,528)</u>	<u>(30,475)</u>
	189,803	180,554	503,635	(17,101)	3,836	1,122	(199,190)	45,313
	450,976	711,754	4,159,857	188,883	104,736	72,038	318,164	165,002
	<u>\$640,779</u>	<u>\$892,308</u>	<u>\$4,663,492</u>	<u>\$171,782</u>	<u>\$108,572</u>	<u>\$73,160</u>	<u>\$118,974</u>	<u>\$210,315</u>

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>		
	<u>TSM/TDM</u>	<u>Public Art</u>	<u>CERTIFICATES OF PARTICIPATION</u>		
			<u>Police Building</u>	<u>Library/ Golf</u>	<u>2002 City Hall Refinancing</u>
REVENUES					
Taxes					
Other taxes					
Licenses and permits		\$17,343			
Revenue from other agencies					
Charges for current services	\$22,911				
Fines and forfeitures					
Use of money and property	370	510	(\$1,141)	\$18,148	\$42,911
Affordable housing fees					
Other					
Total Revenues	<u>23,281</u>	<u>17,853</u>	<u>(1,141)</u>	<u>18,148</u>	<u>42,911</u>
EXPENDITURES					
Current:					
General government					
Public works					
Development services					
Culture and leisure					
Housing and community services					
Capital outlay					
Payment to other agencies					
Debt service:					
Principal repayment			130,000	150,000	365,000
Interest and fiscal charges			109,515	228,264	463,805
Total Expenditures	<u></u>	<u></u>	<u>239,515</u>	<u>378,264</u>	<u>828,805</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>23,281</u>	<u>17,853</u>	<u>(240,656)</u>	<u>(360,116)</u>	<u>(785,894)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in			237,330	375,325	826,850
Transfers (out)					
Total Other Financing Sources (Uses)	<u></u>	<u></u>	<u>237,330</u>	<u>375,325</u>	<u>826,850</u>
NET CHANGE IN FUND BALANCES	23,281	17,853	(3,326)	15,209	40,956
BEGINNING FUND BALANCES (DEFICITS)	<u>18,303</u>	<u>15,065</u>	<u>234,082</u>	<u>616,780</u>	<u>1,532,387</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$41,584</u>	<u>\$32,918</u>	<u>\$230,756</u>	<u>\$631,989</u>	<u>\$1,573,343</u>

DEBT SERVICE FUNDS					CAPITAL PROJECTS FUNDS		
2003 Library Bonds	Community Improvement Commission Subordinate Bonds	Community Improvement Commission 2003 Tax Allocation Refunding Bonds BWIP	Community Improvement Commission 2003 Tax Allocation Bonds	Alameda Point Improvement Project 2003 Revenue Bonds	Transportation Improvement	Library Construction	Urban Runoff Strom Drain Fee
\$641,074					\$302,267 242,103		\$2,747,712
						\$53,245	
2,853	\$13,188	\$65,193	\$212,383	\$60,185	9,789	\$17,649	\$66,096
							5,000
643,927	13,188	65,193	212,383	60,185	554,159	70,894	2,818,808
					768	310,140	1,353,635
155,000 496,451	250,000 306,503	835,136	275,000 2,699,806	503,284			
651,451	556,503	835,136	2,974,806	503,284	768	310,140	1,353,635
(7,524)	(543,315)	(769,943)	(2,762,423)	(443,099)	553,391	(239,246)	1,465,173
	556,461	834,968	2,970,521	37,210	(116,982)	31,696	65,000 (1,034,923)
	556,461	834,968	2,970,521	37,210	(116,982)	31,696	(969,923)
(7,524)	13,146	65,025	208,098	(405,889)	436,409	(207,550)	495,250
453,431	534,547	1,450,450	4,221,822	2,403,884	481,006	1,202,088	4,105,167
\$445,907	\$547,693	\$1,515,475	\$4,429,920	\$1,997,995	\$917,415	\$994,538	\$4,600,417

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	CAPITAL PROJECTS FUNDS				
	Community Facility District #1	Community Facility District #2	Special Assessment District		Citywide Development Fee
			Harbor Bay Isle 92-1	Marina Village 89-1	
REVENUES					
Taxes					
Other taxes					
Licenses and permits					
Revenue from other agencies					
Charges for current services					\$265,940
Fines and forfeitures					
Use of money and property	\$3	\$17,391	\$68,544	\$102,909	19,279
Affordable housing fees					
Other					
Total Revenues	3	17,391	68,544	102,909	285,219
EXPENDITURES					
Current:					
General government					
Public works					
Development services					
Culture and leisure					
Housing and community services					
Capital outlay		1,433		5,480	
Payment to other agencies					
Debt service:					
Principal repayment					
Interest and fiscal charges					
Total Expenditures		1,433		5,480	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3	15,958	68,544	97,429	285,219
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)					
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES	3	15,958	68,544	97,429	285,219
BEGINNING FUND BALANCES (DEFICITS)	212	461,263	1,087,170	2,538,556	1,047,869
ENDING FUND BALANCES (DEFICITS)	\$215	\$477,221	\$1,155,714	\$2,635,985	\$1,333,088

CAPITAL PROJECTS FUNDS

Wastewater Capital Reserve	Open Space Improvement	Alameda Point Improvement Project 2003 Revenue Bonds	Total Nonmajor Governmental Funds
			\$6,377,995
			621,862
			17,343
			6,105,592
			3,194,671
			217,551
\$138	\$14,073	\$40,279	2,262,059
			173,871
			12,507
138	14,073	40,279	18,983,451
			1,700,141
		37,791	1,408,944
			1,057,608
			2,635,162
			1,704,978
			1,685,367
			1,325,000
			5,642,764
		37,791	17,159,964
138	14,073	2,488	1,823,487
8,120			17,724,192
		(686,875)	(6,562,507)
8,120		(686,875)	11,161,685
8,258	14,073	(684,387)	12,985,172
8,135	903,486	1,281,576	38,427,753
\$16,393	\$917,559	\$597,189	\$51,412,925

CITY OF ALAMEDA
BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	LIBRARY			GAS TAX		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes	\$1,193,657	\$1,277,735	\$84,078			
Other taxes						
Licenses and permits						
Revenue from other agencies	72,288	65,804	(6,484)	\$1,387,500	\$1,367,229	(\$20,271)
Charges for current services	70,000	64,404	(5,596)			
Fines and forfeitures						
Use of money and property				30,000	1,702	(28,298)
Affordable housing fee						
Other						
Total Revenues	<u>1,335,945</u>	<u>1,407,943</u>	<u>71,998</u>	<u>1,417,500</u>	<u>1,368,931</u>	<u>(48,569)</u>
EXPENDITURES						
Current:						
General government						
Public works						
Development services						
Culture and recreation	2,750,050	2,635,162	114,888			
Housing and community services						
Capital outlay	6,226	426	5,800			
Debt service:						
Principal retirements						
Interest and fiscal charges						
Total Expenditures	<u>2,756,276</u>	<u>2,635,588</u>	<u>120,688</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,420,331)</u>	<u>(1,227,645)</u>	<u>192,686</u>	<u>1,417,500</u>	<u>1,368,931</u>	<u>(48,569)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,544,565	1,544,565				
Transfers (out)	<u>(240,208)</u>	<u>(240,208)</u>		<u>(1,559,742)</u>	<u>(1,086,876)</u>	<u>472,866</u>
Total Other Financing Sources (Uses)	<u>1,304,357</u>	<u>1,304,357</u>		<u>(1,559,742)</u>	<u>(1,086,876)</u>	<u>472,866</u>
NET CHANGE IN FUND BALANCES	<u>(\$115,974)</u>	<u>76,712</u>	<u>\$192,686</u>	<u>(\$142,242)</u>	<u>282,055</u>	<u>\$424,297</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>70,355</u>			<u>72,160</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$147,067</u>			<u>\$354,215</u>	

TRANSPORTATION IMPROVEMENT			TRAFFIC SAFETY			COUNTY MEASURE B		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$334,110	\$334,110					\$2,777,742	\$2,777,741	(\$1)
1,710	1,710		\$217,551 574	\$217,551 574		\$55,804	55,814	10
<u>335,820</u>	<u>335,820</u>		<u>218,125</u>	<u>218,125</u>		<u>2,833,546</u>	<u>2,833,555</u>	<u>9</u>
<u>335,820</u>	<u>335,820</u>		<u>218,125</u>	<u>218,125</u>		<u>2,833,546</u>	<u>2,833,555</u>	<u>9</u>
<u>(310,000)</u>	<u>(70,000)</u>	<u>\$240,000</u>	<u>(218,125)</u>	<u>(218,125)</u>		<u>211,268</u> <u>(4,373,079)</u>	<u>211,268</u> <u>(1,738,572)</u>	<u>2,634,507</u>
<u>(310,000)</u>	<u>(70,000)</u>	<u>240,000</u>	<u>(218,125)</u>	<u>(218,125)</u>		<u>(4,161,811)</u>	<u>(1,527,304)</u>	<u>2,634,507</u>
<u>\$25,820</u>	265,820	<u>\$240,000</u>	<u></u>		<u></u>	<u>(\$1,328,265)</u>	1,306,251	<u>\$2,634,516</u>
							<u>3,153,516</u>	
	<u>\$265,820</u>						<u>\$4,459,767</u>	

(Continued)

CITY OF ALAMEDA
BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	CHRPO/LEAD			TIDELANDS		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes						
Other taxes						
Licenses and permits						
Revenue from other agencies	\$172,912	\$8,800	(\$164,112)			
Charges for current services						
Fines and forfeitures						
Use of money and property		144	144	\$290,000	\$293,485	\$3,485
Affordable housing fee						
Other						
Total Revenues	<u>172,912</u>	<u>8,944</u>	<u>(163,968)</u>	<u>290,000</u>	<u>293,485</u>	<u>3,485</u>
EXPENDITURES						
Current:						
General government				30,000	26,613	3,387
Public works						
Development services						
Culture and recreation						
Housing and community services	190,771	8,800	181,971			
Capital outlay						
Debt service:						
Principal retirements						
Interest and fiscal charges						
Total Expenditures	<u>190,771</u>	<u>8,800</u>	<u>181,971</u>	<u>30,000</u>	<u>26,613</u>	<u>3,387</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(17,859)</u>	<u>144</u>	<u>18,003</u>	<u>260,000</u>	<u>266,872</u>	<u>6,872</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(178,899)	(91,955)	86,944
Total Other Financing Sources (Uses)				<u>(178,899)</u>	<u>(91,955)</u>	<u>86,944</u>
NET CHANGE IN FUND BALANCES	<u>(\$17,859)</u>	<u>144</u>	<u>\$18,003</u>	<u>\$81,101</u>	<u>174,917</u>	<u>\$93,816</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>21,970</u>			<u>903,773</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$22,114</u>			<u>\$1,078,690</u>	

NARCOTICS ASSET SEIZURE			SENIOR CITIZENS TRANSPORTATION ASSISTANCE			DWELLING UNIT		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
						\$215,000	\$190,176	(\$24,824)
\$15,000	\$2,918	(\$12,082)						
							2,061	2,061
				\$1,821	\$1,821			
15,000	2,918	(12,082)		1,821	1,821	215,000	192,237	(22,763)
\$2,000	2,000		\$138,102	125,156	12,946			
2,000	2,000		138,102	125,156	12,946			
13,000	918	(12,082)	(138,102)	(123,335)	14,767	215,000	192,237	(22,763)
			138,102	123,336	(14,766)	(259,059)	(58,956)	200,103
			138,102	123,336	(14,766)	(259,059)	(58,956)	200,103
\$13,000	918	(\$12,082)		1	\$1	(\$44,059)	133,281	\$177,340
	(83,273)			26,022			42,840	
	(\$82,355)			\$26,023			\$176,121	

(Continued)

CITY OF ALAMEDA
BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	PARKING METER			COMMERCIAL REVITALIZATION		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes						
Other taxes						
Licenses and permits						
Revenue from other agencies						
Charges for current services	\$544,948	\$544,948		\$371,361	\$371,361	
Fines and forfeitures						
Use of money and property	23,198	23,198		131,222	107,156	(\$24,066)
Affordable housing fee						
Other				300	287	(13)
Total Revenues	<u>568,146</u>	<u>568,146</u>		<u>502,883</u>	<u>478,804</u>	<u>(24,079)</u>
EXPENDITURES						
Current:						
General government	68,700	63,949	\$4,751			
Public works						
Development services				962,000	1,057,608	(95,608)
Culture and recreation						
Housing and community services				\$428,386	251,153	177,233
Capital outlay						
Debt service:						
Principal retirements						
Interest and fiscal charges						
Total Expenditures	<u>68,700</u>	<u>63,949</u>	<u>4,751</u>	<u>1,390,386</u>	<u>1,308,761</u>	<u>81,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>499,446</u>	<u>504,197</u>	<u>4,751</u>	<u>(887,503)</u>	<u>(829,957)</u>	<u>57,546</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				9,410,575	9,433,978	23,403
Transfers (out)	(296,417)	(164,052)	132,365	(1,406)	(1,406)	
Total Other Financing Sources (Uses)	<u>(296,417)</u>	<u>(164,052)</u>	<u>132,365</u>	<u>9,409,169</u>	<u>9,432,572</u>	<u>23,403</u>
NET CHANGE IN FUND BALANCES	<u>\$203,029</u>	<u>340,145</u>	<u>\$137,116</u>	<u>\$8,521,666</u>	<u>8,602,615</u>	<u>\$80,949</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>1,306,675</u>			<u>509,638</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$1,646,820</u>			<u>\$9,112,253</u>	

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CITY OF ALAMEDA
BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	HUMAN SERVICES			VEHICLE REGISTRATION		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes						
Other taxes						
Licenses and permits						
Revenue from other agencies	\$182,390	\$51,183	(\$131,207)			
Charges for current services						
Fines and forfeitures						
Use of money and property				\$588	\$588	
Affordable housing fee						
Other	1,125	1,125				
Total Revenues	183,515	52,308	(131,207)	588	588	
EXPENDITURES						
Current:						
General government						
Public works						
Development services						
Culture and recreation						
Housing and community services	234,093	65,877	168,216			
Capital outlay						
Debt service:						
Principal retirements						
Interest and fiscal charges						
Total Expenditures	234,093	65,877	168,216			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,578)	(13,569)	37,009	588	588	
OTHER FINANCING SOURCES (USES)						
Transfers in	33,048	33,048				
Transfers (out)						
Total Other Financing Sources (Uses)	33,048	33,048				
NET CHANGE IN FUND BALANCES	<u>(\$17,530)</u>	19,479	<u>\$37,009</u>	<u>\$588</u>	588	
BEGINNING FUND BALANCES (DEFICITS)		9,112			37,722	
ENDING FUND BALANCES		<u>\$28,591</u>			<u>\$38,310</u>	

AFFORDABLE HOUSING			GARBAGE SURCHARGE			BAYPORT MUNICIPAL SERVICE DISTRICT		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$189,583	\$189,583		\$221,184	\$193,878	(\$27,306)
\$4,546	\$48,050	\$43,504		8,344	\$8,344		2,077	2,077
\$50,000	173,871	123,871						
	45	45					33	33
54,546	221,966	167,420	189,583	197,927	8,344	221,184	195,988	(25,196)
63,681	36,381	27,300				181,184	673	180,511
205,763	5,971	199,792						
2,100	892	1,208						
271,544	43,244	228,300				181,184	673	180,511
(216,998)	178,722	395,720	189,583	197,927	8,344	40,000	195,315	155,315
1,000	1,000		(124,694)	(83,682)	41,012		(37,088)	(37,088)
1,000	1,000		(124,694)	(83,682)	41,012		(37,088)	(37,088)
(\$215,998)	179,722	\$395,720	\$64,889	114,245	\$49,356	\$40,000	158,227	\$118,227
	218,366			472,232			55,662	
	\$398,088			\$586,477			\$213,889	

(Continued)

CITY OF ALAMEDA
BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	ATHLETIC RECREATION			ISLAND CITY MAINTENANCE ASSESSMENT DISTRICT 84-2		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes				\$1,215,693	\$1,136,669	(\$79,024)
Other taxes						
Licenses and permits						
Revenue from other agencies		\$3,272	\$3,272			
Charges for current services	\$1,510,501	1,433,953	(76,548)		32,929	32,929
Fines and forfeitures						
Use of money and property	228,571	301,847	73,276		10,507	10,507
Affordable housing fee						
Other						
Total Revenues	<u>1,739,072</u>	<u>1,739,072</u>		<u>1,215,693</u>	<u>1,180,105</u>	<u>(35,588)</u>
EXPENDITURES						
Current:						
General government	1,493,348	1,445,342	48,006			
Public works				1,574,316	1,002,551	571,765
Development services						
Culture and recreation						
Housing and community services						
Capital outlay		6,025	(6,025)			
Debt service:						
Principal retirements						
Interest and fiscal charges						
Total Expenditures	<u>1,493,348</u>	<u>1,451,367</u>	<u>41,981</u>	<u>1,574,316</u>	<u>1,002,551</u>	<u>571,765</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>245,724</u>	<u>287,705</u>	<u>41,981</u>	<u>(358,623)</u>	<u>177,554</u>	<u>536,177</u>
OTHER FINANCING SOURCES (USES)						
Transfers in					3,000	3,000
Transfers (out)	<u>(61,171)</u>	<u>(97,902)</u>	<u>(36,731)</u>			
Total Other Financing Sources (Uses)	<u>(61,171)</u>	<u>(97,902)</u>	<u>(36,731)</u>		<u>3,000</u>	<u>3,000</u>
NET CHANGE IN FUND BALANCES	<u>\$184,553</u>	<u>189,803</u>	<u>\$5,250</u>	<u>(\$358,623)</u>	<u>180,554</u>	<u>\$539,177</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>450,976</u>			<u>711,754</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$640,779</u>			<u>\$892,308</u>	

WASTE REDUCTION SURCHARGE			CURBSIDE RECYCLING			HOUSING DEVELOPMENT		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
	\$1,242	\$1,242						
\$416,863	496,305	\$79,442						
453,978	458,161	4,183		\$64	64			
66,657	66,657			2,801	\$2,801		\$3,836	\$3,836
937,498	1,022,365	84,867		2,865	2,865		3,836	3,836
945,809	364,039	581,770	\$27	27				
	4,244	(4,244)						
945,809	368,283	577,526	27	27				
(8,311)	654,082	662,393	(27)	2,838	2,865		3,836	3,836
(130,447)	(150,447)	(20,000)	(19,939)	(19,939)				
(130,447)	(150,447)	(20,000)	(19,939)	(19,939)				
(\$138,758)	503,635	\$642,393	(\$19,966)	(17,101)	\$2,865		3,836	\$3,836
	4,159,857			188,883			104,736	
	\$4,663,492			\$171,782			\$108,572	

(Continued)

CITY OF ALAMEDA
BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	PARKING IN-LIEU			DIKE MAINTENANCE		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes						
Other taxes						
Licenses and permits						
Revenue from other agencies						
Charges for current services						
Fines and forfeitures						
Use of money and property	\$1,122	\$1,122			\$4,338	\$4,338
Affordable housing fee						
Other						
Total Revenues	1,122	1,122			4,338	4,338
EXPENDITURES						
Current:						
General government						
Public works						
Development services						
Culture and recreation						
Housing and community services	64,724		\$64,724			
Capital outlay						
Debt service:						
Principal retirements						
Interest and fiscal charges						
Total Expenditures	64,724		64,724			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(63,602)	1,122	64,724		4,338	4,338
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(332,000)	(203,528)	128,472
Total Other Financing Sources (Uses)				(332,000)	(203,528)	128,472
NET CHANGE IN FUND BALANCES	(\$63,602)	1,122	\$64,724	(\$332,000)	(199,190)	\$132,810
BEGINNING FUND BALANCES (DEFICITS)		72,038			318,164	
ENDING FUND BALANCES (DEFICITS)		\$73,160			\$118,974	

MARINA COVE MAINTENANCE DISTRICT 01-01			TSM/TDM			PUBLIC ART		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$78,734	\$77,418	(\$1,316)						
						\$34,750	\$17,343	(\$17,407)
			\$22,911	\$22,911				
	2,933	2,933	370	370			\$510	\$510
78,734	80,351	1,617	23,281	23,281		34,750	17,853	(16,897)
	4,563	(4,563)						
	4,563	(4,563)						
78,734	75,788	(2,946)	23,281	23,281		34,750	17,853	(16,897)
(40,032)	(30,475)	9,557						
(40,032)	(30,475)	9,557						
\$38,702	45,313	\$6,611	\$23,281	23,281		\$34,750	17,853	(\$16,897)
	165,002			18,303			15,065	
	\$210,315			\$41,584			\$32,918	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments, which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

CENTRAL STORE

This fund accounts for the City central store's operation. The source of revenue is reimbursement of costs for items purchased by other departments.

CENTRAL GARAGE

This fund accounts for the maintenance and replacement of vehicles and equipment used by all City departments. Source of revenue for this fund is on reimbursement of costs for services and supplies purchased by other departments.

TECHNOLOGY SERVICES

This fund accounts for computer and telephone charges and information system upgrades.

WORKERS' COMPENSATION INSURANCE

This fund accounts for the administration of the City's workers' compensation program and payment of workers' compensation claim payments.

RISK MANAGEMENT INSURANCE

This fund accounts for the administration of the City's risk management program and payment of general liability claim payments.

DENTAL INSURANCE

This fund accounts for the administration of the City's dental insurance program and payment of dental claim payments.

UNEMPLOYMENT INSURANCE

This fund accounts for the administration of the City's unemployment insurance program and payment of unemployment claim payments.

POST EMPLOYMENT

This fund accounts for charges of post-employment benefits.

CITY OF ALAMEDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2006

	Central Store	Central Garage	Technology Services	Workers' Compensation Insurance
ASSETS				
Current Assets:				
Cash and cash equivalents	\$253,099	\$115,007	\$323,098	\$380,857
Accounts receivable	12,887	4,510	230	45,464
Prepays and deposits			19,003	135,000
Total Current Assets	265,986	119,517	342,331	561,321
Capital assets, depreciable, net			758,430	
Total Assets	265,986	119,517	1,100,761	561,321
LIABILITIES				
Current Liabilities:				
Accounts payable	42,434	40,637	28,654	57,541
Accrued payroll				2,437
Claims payable				5,956,453
Total Current Liabilities	42,434	40,637	28,654	6,016,431
Long-term Debt:				
Due within one year	38,701		192,821	
Due in more than one year	103,337		562,395	
Total Long-Term Debt	142,038		755,216	
Total Liabilities	184,472	40,637	783,870	6,016,431
NET ASSETS				
Invested in capital assets, net of related debt			3,214	
Unrestricted	81,514	78,880	313,677	(5,455,110)
Total Net Assets (Deficits)	\$81,514	\$78,880	\$316,891	(\$5,455,110)

Risk Management Insurance	Dental Insurance	Unemployment Insurance	Post - Employment	Total
\$1,623,659		\$10,459		\$2,706,179 63,091 154,003
1,623,659		10,459		2,923,273 758,430
1,623,659		10,459		3,681,703
250,928 5,412 946,865				420,194 7,849 6,903,318
1,203,205				7,331,361
				231,522 665,732
				897,254
1,203,205				8,228,615
420,454		10,459		3,214 (4,550,126)
\$420,454		\$10,459		(\$4,546,912)

CITY OF ALAMEDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Central Store	Central Garage	Technology Services	Workers' Compensation Insurance
OPERATING REVENUES				
Charges for services	\$777,427	\$380,157	\$713,834	\$2,002,939
Total Operating Revenues	777,427	380,157	713,834	2,002,939
OPERATING EXPENSES				
General administrative				(1,343)
Wages and benefits				192,500
Insurance				2,287,377
Contractual services	306,697	44,439	542,531	140,851
Supplies and maintenance	463,096	315,034	1,338	
Depreciation			94,804	
Total Operating Expenses	769,793	359,473	638,673	2,619,385
Operating Income (Loss)	7,634	20,684	75,161	(616,446)
NONOPERATING REVENUES (EXPENSES)				
Interest (expense)	(10,210)		(35,217)	
Total Nonoperating Revenues (Expenses)	(10,210)		(35,217)	
Income (Loss) Before Transfers	(2,576)	20,684	39,944	(616,446)
Transfers in	46,836	10,925		717
Transfers (out)				
Net Transfers	46,836	10,925		717
Change in Net Assets	44,260	31,609	39,944	(615,729)
BEGINNING NET ASSETS (DEFICITS)	37,254	47,271	276,947	(4,839,381)
ENDING NET ASSETS (DEFICITS)	\$81,514	\$78,880	\$316,891	(\$5,455,110)

<u>Risk Management Insurance</u>	<u>Dental Insurance</u>	<u>Unemployment Insurance</u>	<u>Post - Employment</u>	<u>Total</u>
<u>\$1,220,442</u>	<u>\$33,799</u>	<u>\$50,613</u>	<u>\$1,372,367</u>	<u>\$6,551,578</u>
<u>1,220,442</u>	<u>33,799</u>	<u>50,613</u>	<u>1,372,367</u>	<u>6,551,578</u>
11,390		63,802		73,849
444,657				637,157
315,933			1,366,092	3,969,402
1,165,773		1,615	6,275	2,208,181
				779,468
				<u>94,804</u>
<u>1,937,753</u>		<u>65,417</u>	<u>1,372,367</u>	<u>7,762,861</u>
<u>(717,311)</u>	<u>33,799</u>	<u>(14,804)</u>		<u>(1,211,283)</u>
				<u>(45,427)</u>
				<u>(45,427)</u>
<u>(717,311)</u>	<u>33,799</u>	<u>(14,804)</u>		<u>(1,256,710)</u>
166,812	442	44		225,776
<u>(95,899)</u>				<u>(95,899)</u>
<u>70,913</u>	<u>442</u>	<u>44</u>		<u>129,877</u>
(646,398)	34,241	(14,760)		(1,126,833)
<u>1,066,852</u>	<u>(34,241)</u>	<u>25,219</u>		<u>(3,420,079)</u>
<u>\$420,454</u>		<u>\$10,459</u>		<u>(\$4,546,912)</u>

CITY OF ALAMEDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

	Central Store	Central Garage	Technology Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$764,540	\$388,615	\$762,320
Payments to suppliers	(762,801)	(345,247)	(566,922)
Payments to employees			
Claims paid			
	<u>1,739</u>	<u>43,368</u>	<u>195,398</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers net	<u>46,836</u>	<u>10,925</u>	
	<u>46,836</u>	<u>10,925</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on capital debt	(36,290)		(192,819)
Interest paid on capital debt	<u>(10,210)</u>		<u>(35,217)</u>
	<u>(46,500)</u>		<u>(228,036)</u>
	<u>2,075</u>	<u>54,293</u>	<u>(32,638)</u>
Cash and investments at beginning of period	<u>251,024</u>	<u>60,714</u>	<u>355,736</u>
Cash and investments at end of period	<u><u>\$253,099</u></u>	<u><u>\$115,007</u></u>	<u><u>\$323,098</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$7,634	\$20,684	\$75,161
Adjustments to reconcile operating income to cash flows from operating activities:			
Depreciation			94,804
Change in assets and liabilities:			
Accounts receivable	(12,887)	8,458	48,486
Prepays and deposits			(16,920)
Accounts payable	6,992	14,226	(6,133)
Claims payable			
Accrued payroll			
	<u>\$1,739</u>	<u>\$43,368</u>	<u>\$195,398</u>
Cash Flows from Operating Activities	<u><u>\$1,739</u></u>	<u><u>\$43,368</u></u>	<u><u>\$195,398</u></u>

Workers' Compensation Insurance	Risk Management Insurance	Dental Insurance	Unemployment Insurance	Post - Employment	Total
\$1,989,507	\$1,225,969	\$33,799	\$50,613	\$1,372,367	\$6,587,730
(224,732)	(1,014,275)	(90,950)	(1,615)	(6,275)	(3,012,817)
(190,773)	(455,145)		(63,802)		(709,720)
(1,567,422)	(926,835)	(47,100)		(1,366,092)	(3,907,449)
6,580	(1,170,286)	(104,251)	(14,804)		(1,042,256)
717	70,913	442	44		129,877
717	70,913	442	44		129,877
					(229,109)
					(45,427)
					(274,536)
7,297	(1,099,373)	(103,809)	(14,760)		(1,186,915)
373,560	2,723,032	103,809	25,219		3,893,094
\$380,857	\$1,623,659		\$10,459		\$2,706,179
(\$616,446)	(\$717,311)	\$33,799	(\$14,804)		(\$1,211,283)
					94,804
(13,432)	5,527				36,152
(35,000)					(51,920)
(48,881)	151,498	(90,950)			26,752
719,955	(610,902)	(47,100)			61,953
384	902				1,286
\$6,580	(\$1,170,286)	(\$104,251)	(\$14,804)		(\$1,042,256)

FIDUCIARY FUNDS

GASB Statement 34 requires that Pension Funds and Agency Funds be presented separately from the Government-wide and Fund financial statements.

PENSION TRUST FUNDS

Pension Trust Funds are used to report and account for resources that are required to be held in trust for the members and beneficiaries of the City's defined benefit pension plan.

POLICE AND FIRE PENSION #1079

This fund accounts for the resources accumulated for the payment of pension benefits enacted under plan #1079.

POLICE AND FIRE PENSION #1082

This fund accounts for the resources accumulated for the payment of pension benefits enacted under plan #1082.

AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

ASSESSMENT DISTRICTS

This fund accounts for cash and investments held on behalf of assessment districts formed within the City. The City is not obligated for repayment of any debt issued by these assessment districts.

WASTE MANAGEMENT JRRRC TRUST (JOINT REFUSE RATE REVIEW COMMITTEE)

This fund accounts for refuse charges collected to pay for operations of the committee.

CITY OF ALAMEDA
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
June 30, 2006

	PENSION TRUST FUNDS		AGENCY FUNDS		
	Police and Fire Pension #1079	Police and Fire Pension #1082	Assessment Districts	Waste Management JRRRC Trust	Total
ASSETS					
Restricted cash and investments			\$56,012,431	\$133,012	\$56,145,443
Accounts receivable			41,991		41,991
Total Assets			\$56,054,422	\$133,012	\$56,187,434
LIABILITIES					
Refundable deposits				\$133,012	\$133,012
Due to bondholders			\$56,054,422		56,054,422
Total Liabilities			56,054,422	133,012	56,187,434
FUND BALANCE					
Reserved for:					
Employees' pension benefits					
Total Fund Balances (Deficit)					
Total Liabilities and Equity			\$56,054,422	\$133,012	\$56,187,434

CITY OF ALAMEDA
PENSION TRUST FUNDS
COMBINING STATEMENTS OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Plan #1079</u>	<u>Plan #1082</u>	<u>TOTALS</u>
ADDITIONS			
Employer contributions	<u>\$3,098,781</u>	<u>\$40,222</u>	<u>\$3,139,003</u>
Total Additions	<u>3,098,781</u>	<u>40,222</u>	<u>3,139,003</u>
DEDUCTIONS			
Retirement and other benefits	3,092,205	40,222	3,132,427
Contractual services	<u>6,576</u>		<u>6,576</u>
Total Deductions	<u>3,098,781</u>	<u>40,222</u>	<u>3,139,003</u>
INCREASE (DECREASE) IN NET ASSE			
NET ASSETS HELD IN (DUE TO) TRUST FOR PENSION BENEFITS			
Beginning of year	<u> </u>	<u> </u>	<u> </u>
End of year	<u> </u>	<u> </u>	<u> </u>

CITY OF ALAMEDA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
<hr/> Assessment Districts <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$59,760,588	\$13,141,473	\$16,889,630	\$56,012,431
Accounts receivable		41,991		41,991
Total Assets	<u>\$59,760,588</u>	<u>\$13,183,464</u>	<u>\$16,889,630</u>	<u>\$56,054,422</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$59,760,588</u>	<u>\$13,183,464</u>	<u>\$16,889,630</u>	<u>\$56,054,422</u>
<hr/> Waste Management JRRRC Trust <hr/>				
<u>Assets</u>				
Restricted cash and investments	<u>\$130,972</u>	<u>\$2,040</u>		<u>\$133,012</u>
<u>Liabilities</u>				
Refundable deposits	<u>\$130,972</u>	<u>\$2,040</u>		<u>\$133,012</u>
Totals- All Agency Funds				
<u>Assets</u>				
Restricted cash and investments	\$59,891,560	\$13,143,513	\$16,889,630	\$56,145,443
Accounts receivable		41,991		\$41,991
Total Assets	<u>\$59,891,560</u>	<u>\$13,185,504</u>	<u>\$16,889,630</u>	<u>\$56,187,434</u>
<u>Liabilities</u>				
Refundable deposits	\$130,972	\$2,040		\$133,012
Due to bondholders	<u>59,760,588</u>	<u>13,183,464</u>	<u>16,889,630</u>	<u>56,054,422</u>
Total Liabilities	<u>\$59,891,560</u>	<u>\$13,185,504</u>	<u>\$16,889,630</u>	<u>\$56,187,434</u>

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information discusses about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Direct and Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Sewer Fund Debt Service
6. Bonded Debt Pledged Revenue Coverage, CIC Revenue Bonds and Tax Allocation Bonds

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

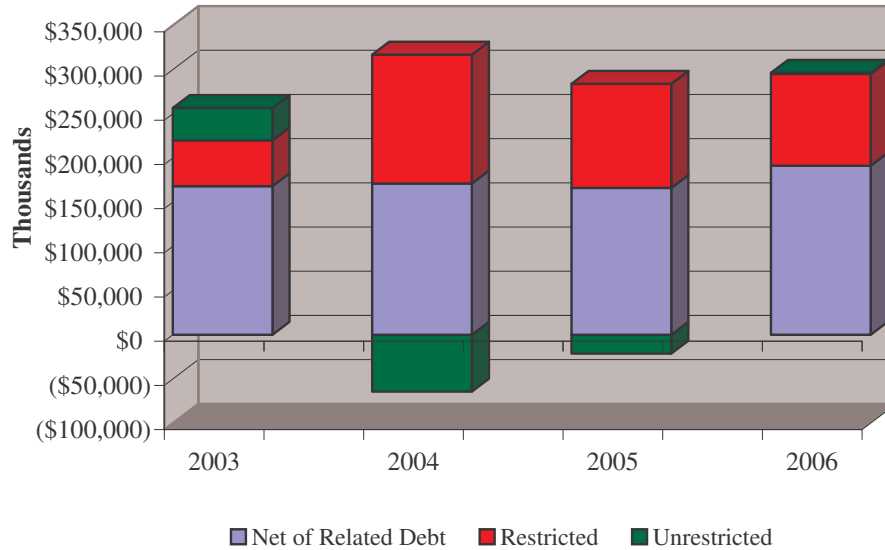
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF ALAMEDA
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
<i>Governmental activities</i>				
Invested in capital assets, net of related debt	\$116,456,794	\$132,621,927	\$124,741,406	\$149,626,890
Restricted	51,888,403	144,673,265	116,647,178	102,723,054
Unrestricted	19,237,422	(81,824,156)	(40,784,740)	(18,104,392)
Total governmental activities net assets	<u>\$187,582,619</u>	<u>\$195,471,036</u>	<u>\$200,603,844</u>	<u>\$234,245,552</u>
<i>Business-type activities</i>				
Invested in capital assets, net of related debt	\$51,668,490	\$38,512,292	\$41,430,248	\$41,606,226
Restricted		1,083,977	1,106,890	1,145,471
Unrestricted	17,280,942	17,488,537	19,470,915	19,401,658
Total business-type activities net assets	<u>\$68,949,432</u>	<u>\$57,084,806</u>	<u>\$62,008,053</u>	<u>\$62,153,355</u>
<i>Primary government</i>				
Invested in capital assets, net of related debt	\$168,125,284	\$171,134,219	\$166,171,654	\$191,233,116
Restricted	51,888,403	145,757,242	117,754,068	103,868,525
Unrestricted	36,518,364	(64,335,619)	(21,313,825)	1,297,266
Total primary government net assets	<u>\$256,532,051</u>	<u>\$252,555,842</u>	<u>\$262,611,897</u>	<u>\$296,398,907</u>

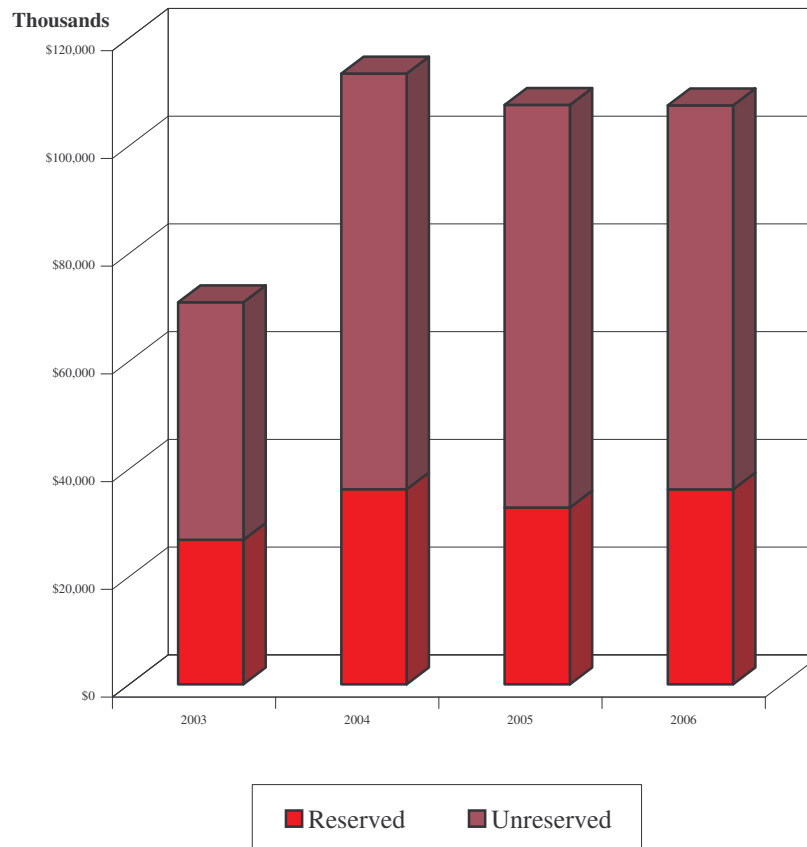
CITY OF ALAMEDA
Changes in Net Assets
Last Four Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
General Government	\$11,314,930	\$11,892,299	\$15,395,113	\$17,477,965
Police	21,343,437	22,502,026	22,074,065	25,255,793
Fire	18,361,188	18,648,073	19,667,256	20,520,453
Public Works	13,654,427	12,263,391	13,990,352	5,374,200
Development Services	16,665,180	18,215,641	17,920,317	14,093,939
Culture and Recreation	6,599,712	8,625,168	6,758,918	7,114,677
Housing and Community Services	6,155,962	5,059,414	4,687,684	3,395,317
Interest on Long Term Debt	4,130,840	9,767,781	6,429,215	5,918,480
Total Governmental Activities Expenses	<u>98,225,676</u>	<u>106,973,793</u>	<u>106,922,920</u>	<u>99,150,824</u>
Business-Type Activities:				
Ferry Services	5,228,012	3,439,322	3,539,277	3,478,994
Golf Course	4,224,577	4,338,367	4,400,252	4,508,404
Sewer Service	3,374,862	3,921,506	3,632,512	3,756,084
Total Business-Type Activities Expenses	<u>12,827,451</u>	<u>11,699,195</u>	<u>11,572,041</u>	<u>11,743,482</u>
Total Primary Government Expenses	<u>\$111,053,127</u>	<u>\$118,672,988</u>	<u>\$118,494,961</u>	<u>\$110,894,306</u>
 Component Units:				
Housing Authority	\$25,944,248	\$26,122,570	\$25,742,559	\$23,458,406
Power & Telecom	<u>\$48,808,125</u>	<u>\$54,710,878</u>	<u>\$57,956,365</u>	<u>60,987,054</u>
Total Component Units	<u>\$74,752,373</u>	<u>\$80,833,448</u>	<u>\$83,698,924</u>	<u>\$84,445,460</u>
 Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$2,631,863	\$12,761,494	\$13,294,972	\$13,804,737
Police	1,237,479	197,252	190,052	217,551
Fire	1,724,050	95,384	90,640	79,718
Public Works	2,964,261	731,746	782,578	848,390
Development Services	15,277,921	13,103,655	11,891,979	12,395,013
Culture and Recreation	1,462,654	1,399,564	2,581,142	2,926,120
Operating Grants and Contributions	7,095,519	10,397,197	8,170,805	16,571,222
Capital Grants and Contributions	8,853,630	8,722,254	10,946,725	15,576,210
Total Government Activities Program Revenues	<u>41,247,377</u>	<u>47,408,546</u>	<u>47,948,893</u>	<u>62,418,961</u>
Business-Type Activities:				
Charges for Services:				
Golf Course	4,991,613	4,730,019	4,259,968	3,859,518
Sewer Service	5,091,934	5,179,831	5,356,564	5,252,893
Operating Grants and Contributions	3,715,911	1,878,270	6,683,481	2,279,492
Total Business-Type Activities Program Revenue	<u>13,799,458</u>	<u>11,788,120</u>	<u>16,300,013</u>	<u>11,391,903</u>
Total Primary Government Program Revenues	<u>\$55,046,835</u>	<u>\$59,196,666</u>	<u>\$64,248,906</u>	<u>\$73,810,864</u>
 Component Units:				
Charges for Services:				
Housing Authority	\$2,927,404	\$3,056,974	\$3,366,326	\$3,162,738
Power & Telecom	<u>\$43,466,487</u>	<u>\$50,952,137</u>	<u>\$58,103,776</u>	<u>61,937,553</u>
Operating Grants and Contributions	<u>\$22,967,145</u>	<u>\$23,420,341</u>	<u>\$22,357,796</u>	<u>24,594,124</u>
Total Component Units Program Revenues	<u>\$69,361,036</u>	<u>\$77,429,452</u>	<u>\$83,827,898</u>	<u>\$89,694,415</u>
 Net (Expense)/Revenue				
Governmental Activities	(\$56,978,299)	(\$59,565,247)	(\$58,974,027)	(\$36,731,863)
Business-Type Activities	972,007	88,925	4,727,972	(351,579)
Component Units Activities	<u>(5,391,337)</u>	<u>(3,403,996)</u>	<u>128,974</u>	<u>5,248,955</u>
Total Primary Government Net Expense	<u>(\$56,006,292)</u>	<u>(\$59,476,322)</u>	<u>(\$54,246,055)</u>	<u>(\$37,083,442)</u>

CITY OF ALAMEDA
Changes in Net Assets
(continued)
Last Four Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes	\$15,987,519	\$17,773,235	\$19,007,465	\$21,332,157
Incremental property tax	7,739,233	7,993,279	8,956,569	11,178,320
Urban runoff special assessments	2,290,320	2,514,813	894,930	851,005
Sales Taxes	5,430,564	5,551,361	4,756,425	4,580,600
Utility Users Tax				8,328,131
Transfer Tax				6,601,412
Other Taxes	14,410,517	15,654,287	18,780,327	7,200,067
Motor Vehicle In-Lieu	4,123,899	3,438,362	5,083,751	5,982,971
Use of Money and properties	3,306,730	876,633	2,898,323	2,695,888
Gain/Loss from disposal of capital assets	(7,578,352)	1,312,894		
Miscellaneous	413,199	34,145	3,435,857	1,215,942
Transfers	(16,347,856)	12,304,655	293,188	407,078
Total Government Activities	29,775,773	67,453,664	64,106,835	70,373,571
Business-Type Activities:				
Use of Money and properties	983,739	282,361	486,455	646,149
Miscellaneous	1,686	68,743	2,008	257,810
Transfers	18,847,856	(12,304,655)	(293,188)	(407,078)
Total Business-Type Activities	19,833,281	(11,953,551)	195,275	496,881
Total Primary Government	\$49,609,054	\$55,500,113	\$64,302,110	\$70,870,452
Component Units Activities:				
Use of Money and properties	\$437,429	\$341,058	\$2,369,805	\$2,315,772
Miscellaneous	\$2,707,172			
Transfers	(\$2,500,000)			
Total Component Units Activities	\$644,601	\$341,058	\$2,369,805	\$2,315,772
Change in Net Assets				
Governmental Activities	(\$27,202,526)	\$7,888,417	\$5,132,808	\$33,641,708
Business-Type Activities	20,805,288	(11,864,626)	4,923,247	145,302
Total Primary Government	(\$6,397,238)	(\$3,976,209)	\$10,056,055	\$33,787,010
Changes in Net Assets				
Component units Activities	-4,746,736	-3,062,938	2,498,779	\$7,564,727

CITY OF ALAMEDA
Fund Balances of Governmental Funds
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
General Fund				
Reserved	\$4,351,023	\$6,061,084	\$6,065,209	\$6,626,345
Unreserved	14,516,417	12,655,623	16,048,586	17,947,381
Total General Fund	<u>\$18,867,440</u>	<u>\$18,716,707</u>	<u>\$22,113,795</u>	<u>\$24,573,726</u> (a)
All Other Governmental Funds				
Reserved	\$22,490,776	\$30,173,689	\$26,759,167	\$29,578,391
Unreserved, reported in:				
Special revenue funds	11,284,346	46,548,364	40,171,866	38,923,405
Capital project funds	18,295,744	17,971,148	18,531,330	14,420,484
Total all other governmental funds	<u>\$52,070,866</u>	<u>\$94,693,201</u>	<u>\$85,462,363</u>	<u>\$82,922,280</u> (a)

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

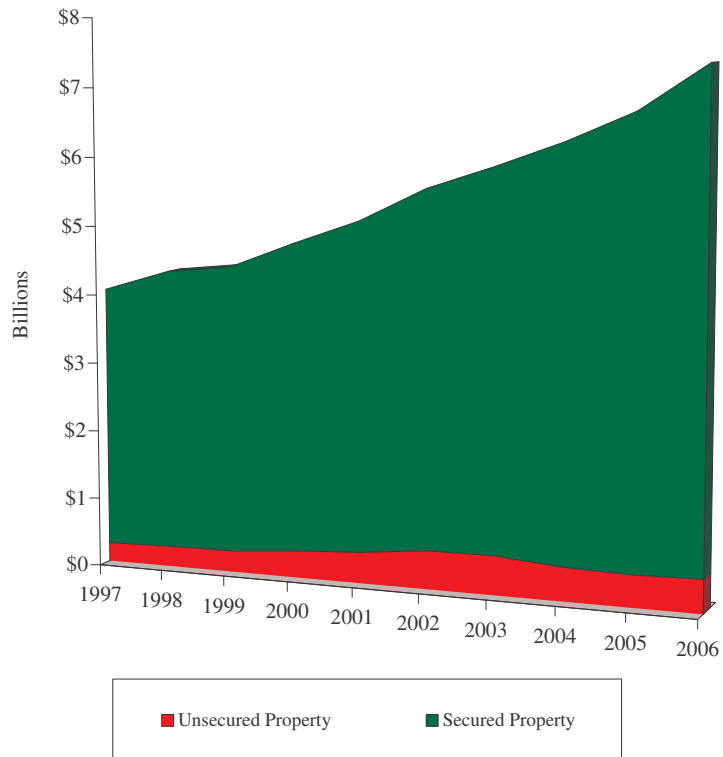
CITY OF ALAMEDA
Changes in Fund Balance of Governmental Funds
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)

	For the Years Ended June 30,			
	2003	2004	2005	2006
Revenues				
Property taxes	\$27,491,873	\$29,947,878	\$32,976,420	\$37,320,071
Other local taxes	20,743,798	22,236,960	24,120,443	27,682,138
Licenses and permits	2,485,586	2,928,479	3,664,147	4,316,809
Revenue from other agencies	17,955,265	16,905,698	22,233,324	35,629,270
Charges for current services	9,324,938	10,079,831	9,291,266	10,705,681
Fines and forfeitures	933,675	897,087	907,001	941,793
Use of money and property	14,965,122	14,517,984	15,444,762	15,791,585
Affordable housing fee	26,031	339,374	153,664	173,871
Other	945,439	613,652	3,396,593	994,372
Total Revenues	<u>94,871,727</u>	<u>98,466,943</u>	<u>112,187,620</u>	<u>133,555,590</u>
Expenditures				
Current:				
General government	10,569,472	11,020,370	14,932,657	15,161,220
Police	20,164,707	21,372,121	21,986,900	24,563,122
Fire	17,999,297	18,061,798	18,898,538	22,795,320
Public Works	6,992,184	7,844,588	7,382,093	7,120,517
Development services	27,202,280	19,887,277	15,319,311	12,677,375
Culture and recreation	5,639,792	6,034,698	6,177,938	6,331,629
Housing and community services	6,649,001	6,900,786	6,400,799	4,369,609
Capital outlay	11,719,561	19,409,657	18,907,960	39,505,003
Payment to other agencies			275,377	
Debt service:				
Principal repayment	1,745,853	10,363,174	1,560,568	1,564,295
Interest and fiscal charges	3,856,685	9,288,334	6,283,053	6,033,431
Total Expenditures	<u>112,538,832</u>	<u>130,182,803</u>	<u>118,125,194</u>	<u>140,121,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,667,105)</u>	<u>(31,715,860)</u>	<u>(5,937,574)</u>	<u>(6,565,931)</u>
Other Financing Sources (Uses)				
Contribution from another entity		1,231,721		
Transfers in	17,150,259	35,648,704	24,240,787	41,355,020
Transfers (out)	(17,749,270)	(35,749,307)	(24,244,606)	(41,077,819)
Transfer from Alameda Power & Telecom	2,500,000	2,500,000		
Sale of capital assets	11,166,506	7,556,344	23,443	5,176,704
Payment of escrow agent	(10,565,000)	(15,570,000)		
Proceeds from long term debt	22,994,507	78,570,000	84,200	1,031,874
Total other financing sources (uses)	<u>25,497,002</u>	<u>74,187,462</u>	<u>103,824</u>	<u>6,485,779</u>
Net Change in fund balances	<u><u>\$7,829,897</u></u>	<u><u>\$42,471,602</u></u>	<u><u>(\$5,833,750)</u></u>	<u><u>(\$80,152)</u></u>
Debt service as a percentage of noncapital expenditures	5.2%	17.8%	7.1%	5.7%

NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2003.

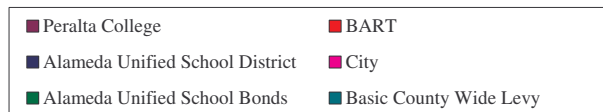
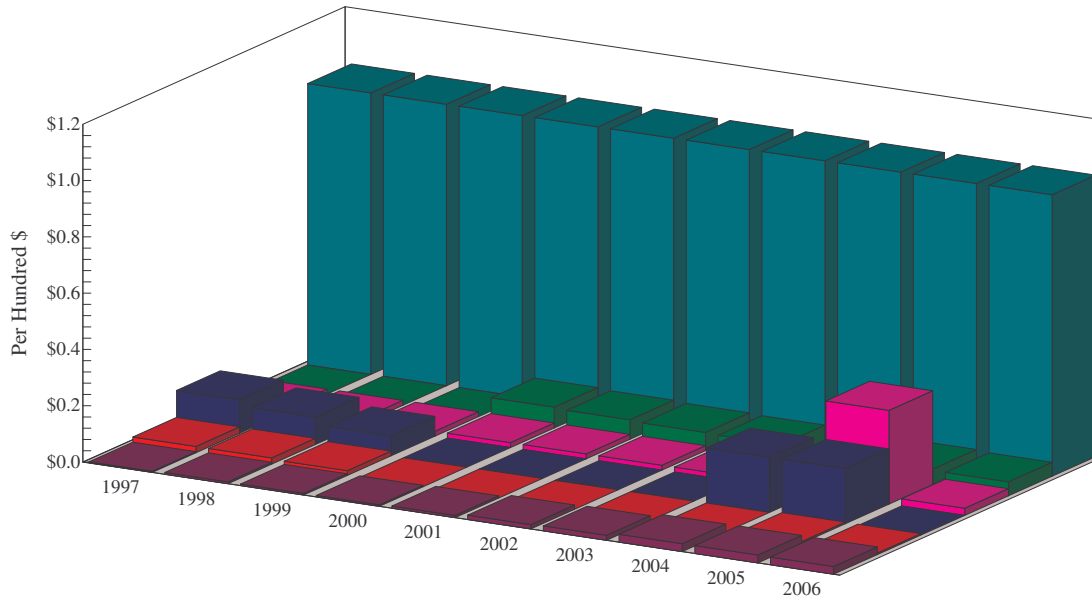
CITY OF ALAMEDA
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS



Fiscal Year	Secured Property	Percent Change	Unsecured Property	Percent Change	Total Assessed	Estimated Full Market
1997	\$3,783,315,882	2.36%	\$270,021,086	-2.18%	\$4,053,336,968	\$4,053,336,968
1998	4,053,797,048	7.15%	296,869,359	9.94%	4,350,666,407	4,350,666,407
1999	4,148,921,979	2.35%	306,899,921	3.38%	4,455,821,900	4,455,821,900
2000	4,444,637,602	7.13%	388,980,561	26.75%	4,833,618,163	4,833,618,163
2001	4,734,149,408	6.51%	448,218,363	15.23%	5,182,367,771	5,182,367,771
2002	5,110,118,698	7.94%	553,644,347	23.52%	5,663,763,045	5,663,763,045
2003	5,426,195,345	6.19%	564,982,533	2.05%	5,991,177,878	5,991,177,878
2004	5,865,562,253	8.10%	485,153,311	-14.13%	6,350,715,564	6,350,715,564
2005	6,316,942,645	7.70%	460,263,932	-5.13%	6,777,206,577	6,777,206,577
2006	6,950,048,432	10.02%	482,582,523	4.85%	7,432,630,955	7,432,630,955

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations

**CITY OF ALAMEDA
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



Fiscal Year	Basic County Wide Levy	City	Alameda Unified School Bonds	Alameda Unified School District	BART	Peralta College	Total
1997	1.0000	0.0175	N/A	0.1184	0.0225	0.0041	1.1625
1998	1.0000	0.0175	N/A	0.0978	0.0220	0.0065	1.1438
1999	1.0000	0.0175	N/A	0.0705	0.0167	0.0056	1.1103
2000	1.0000	0.0175	0.0739	flat rate	N/A	0.0051	1.0965
2001	1.0000	0.0175	0.0691	flat rate	N/A	0.0077	1.0943
2002	1.0000	0.0175	0.0644	flat rate	N/A	0.0154	1.0973
2003	1.0000	0.0175	0.0610	flat rate	N/A	0.0176	1.0961
2004	1.0000	0.0318	N/A	0.1960	N/A	0.0280	1.2558
2005	1.0000	0.3330	0.0549	0.1960	0.0058	0.0280	1.6177
2006	1.0000	0.0255	0.0496	N/A	0.0050	0.0272	1.1073

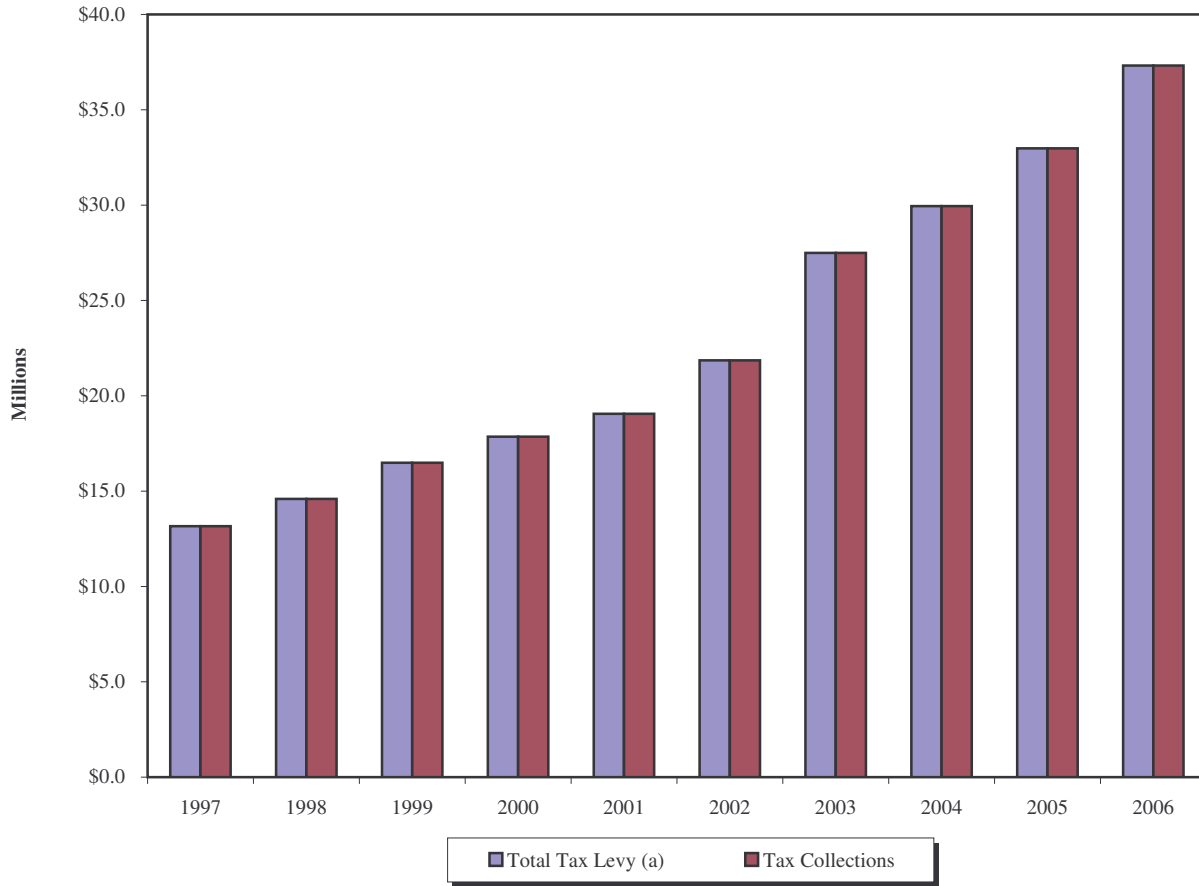
Source: Alameda County Assessors Office

CITY OF EXAMPLE
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2005-06			1996-97		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Alameda Real Estate Investment	\$212,676,218	1	2.9%	\$42,586,645	1	1.1%
Fifteen Rockpoint Alameda LLC	70,596,800	2	0.9%			0.0%
Wind River Systems Inc.	58,535,579	3	0.8%			0.0%
Limar Realty Corporation 13 & Limar Realty	51,124,532	4	0.7%			0.0%
Harsch Investment Realty LLC Series	44,225,179	5	0.6%	24,557,577	3	0.6%
Ballena Village LLC	27,826,956	6	0.4%			0.0%
Starlight Marine Services	27,676,900	7	0.4%			0.0%
SRM PCCP Harbor Associates LLC	26,297,875	8	0.4%			0.0%
South Shore Beach & Tennis Club	25,982,724	9	0.3%	12,620,400	6	0.3%
Bayport Alameda Associates LLC	25,836,048	10	0.3%			0.0%
Empire Parkway Centre LP				36,255,903	2	0.9%
Weyerhaeuser Company				13,504,792	4	0.3%
BGT Ltd Partnership				13,189,954	5	0.3%
Mutual Life Insurance Company				12,619,914	7	0.3%
Computer Associates Intl				12,318,978	8	0.3%
Subtotal	<u>\$570,778,811</u>		<u>7.7%</u>	<u>\$167,654,163</u>		<u>4.1%</u>
Total Net Assessed Valuation:						
Fiscal Year 2005-2006	\$7,432,630,955					
Fiscal Year 1996-1997	4,053,336,968					

Source: Alameda County Assessor Fiscal Year Combined Tax Rolls.

**CITY OF ALAMEDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



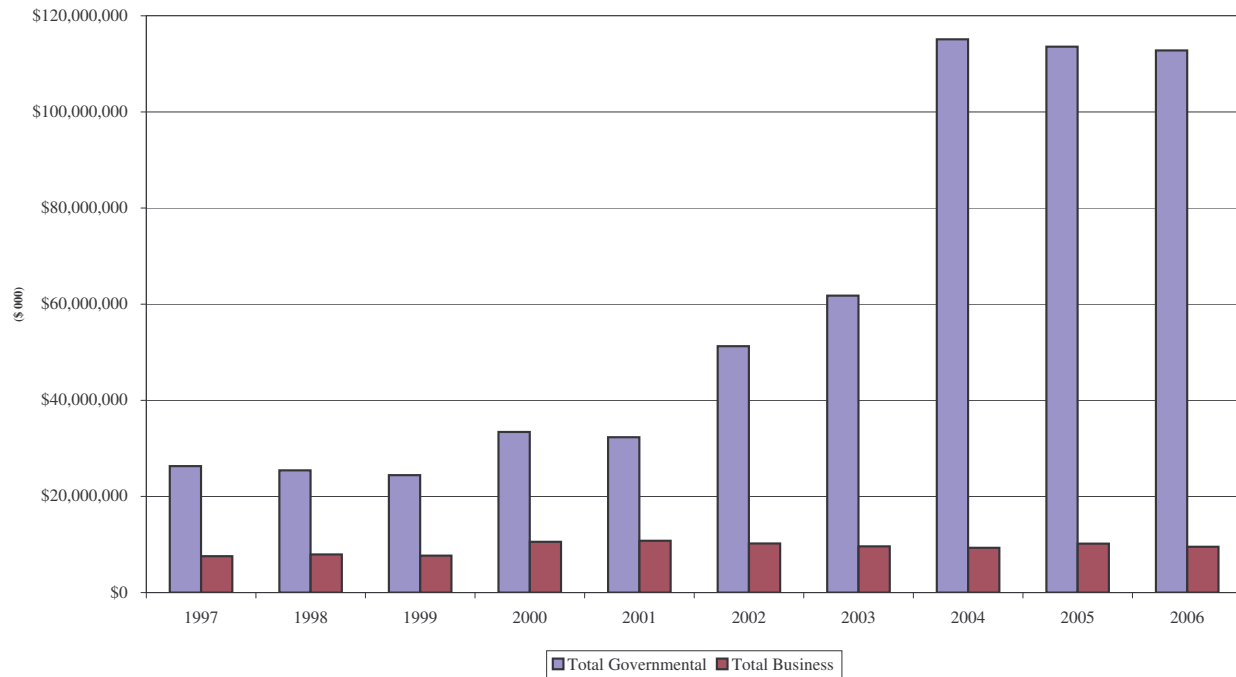
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1997	\$13,161,830	\$13,161,830	100.0000%	\$0	\$13,161,830	100.0000%
1998	14,591,190	14,591,190	100.0000%	0	14,591,190	100.0000%
1999	16,488,517	16,488,517	100.0000%	0	16,488,517	100.0000%
2000	17,856,925	17,856,925	100.0000%	0	17,856,925	100.0000%
2001	19,057,692	19,057,692	100.0000%	0	19,057,692	100.0000%
2002	21,859,978	21,859,978	100.0000%	0	21,859,978	100.0000%
2003	27,491,873	27,491,873	100.0000%	0	27,491,873	100.0000%
2004	29,947,878	29,947,878	100.0000%	0	29,947,878	100.0000%
2005	32,976,420	32,976,420	100.0000%	0	32,976,420	100.0000%
2006	37,320,071	37,320,071	100.0000%	0	37,320,071	100.0000%

Source: City of Alameda Records

NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

CITY OF ALAMEDA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities						
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	General Obligation Bond	Revenue Bonds	Loans & Lease Purchases	Total
1997		\$23,790,000		\$2,455,000	\$68,276	\$26,313,276
1998		22,900,000		2,390,000	133,888	25,423,888
1999		21,835,000		2,320,000	283,298	24,438,298
2000		20,720,000		12,245,000	447,940	33,412,940
2001		19,650,000		12,165,000	513,124	32,328,124
2002	\$4,640,000	18,595,000		27,295,000	735,113	51,265,113
2003	4,640,000	18,510,000	\$10,600,000	26,405,000	1,625,511	61,780,511
2004	69,770,000	17,230,000	10,600,000	15,330,000	2,181,320	115,111,320
2005	69,225,000	16,605,000	10,455,000	15,225,000	2,071,962	113,581,962
2006	68,700,000	15,960,000	10,300,000	15,110,000	2,724,932	112,794,932

Business-Type Activities						
Fiscal Year	Certificates of Participation	Loans & Lease Purchases	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
1997	\$5,490,000	\$2,086,923	\$7,576,923	\$33,890,199	N/A	441.97
1998	5,330,000	2,615,690	7,945,690	33,369,578	N/A	458.42
1999	5,165,000	2,524,252	7,689,252	32,127,550	N/A	437.99
2000	4,990,000	5,573,979	10,563,979	43,976,919	1.96%	608.60
2001	4,810,000	5,973,671	10,783,671	43,111,795	1.85%	582.80
2002	4,625,000	5,590,353	10,215,353	61,480,466	2.52%	825.30
2003	4,430,000	5,191,545	9,621,545	71,402,056	2.81%	958.76
2004	4,225,000	5,087,209	9,312,209	124,423,529	4.69%	1,673.35
2005	4,010,000	6,182,578	10,192,578	123,774,540	4.46%	1,659.60
2006	3,785,000	5,750,127	9,535,127	122,330,059	4.60%	1,644.11

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of Alameda
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

(a) See page 172 (Demographic Statistics) for personal income and population data.

CITY OF ALAMEDA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value of Property	Per Capita
	Certificates of Participation Governmental Activities	General Obligation Bond	Revenue bond ARRA	Loans & Lease Purchases	Total		
1997	\$23,790,000			\$68,276	\$23,858,276	8.84%	\$311
1998	22,900,000			133,888	23,033,888	7.76%	316.43
1999	21,835,000			283,298	22,118,298	7.21%	301.53
2000	20,720,000		\$10,000,000	447,940	31,167,940	8.01%	431.34
2001	19,650,000		10,000,000	513,124	30,163,124	6.73%	407.75
2002	18,595,000		10,000,000	735,113	29,330,113	5.30%	393.72
2003	18,510,000	\$10,600,000	9,200,000	1,625,511	39,935,511	7.07%	536.24
2004	17,230,000	10,600,000	13,440,000	2,181,320	43,451,320	8.96%	584.37
2005	16,605,000	10,455,000	13,440,000	2,071,962	42,571,962	9.25%	570.82
2006	15,960,000	10,300,000	13,440,000	2,724,932	42,424,932	8.79%	570.19

CITY OF ALAMEDA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2006

2005-06 Assessed Valuation

\$7,432,630,955

	Net Debt Outstanding	Percentage Applicable To City of Alameda	Amount Applicable To City of Alameda
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Bay Area Rapid Transit District	\$100,000,000	1.786%	\$1,786,000
Peralta Community College District	199,220,000	13.977%	27,844,979
Alameda Unified School District	90,680,326	100.000%	90,680,326
Oakland Unified School District	447,034,209	0.001%	4,470
East Bay Regional Park District	111,170,000	2.613%	2,904,872
East Bay Municipal Utility District	2,100,000	5.066%	106,386
East Bay Municipal Utility District, Special District No. 1	36,505,000	12.862%	4,695,273
City of Alameda	10,300,000	100.000%	10,300,000
City of Alameda Facilities District No. 1	14,690,000	100.000%	14,690,000
City of Alameda Facilities District No. 2	1,435,000	100.000%	1,435,000
City of Alameda 1915 Act Bonds	39,790,000	100.000%	39,790,000
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u><u>\$1,052,924,535</u></u>		<u>194,237,306</u>
Less: East Bay Municipal Utility District (100% self-supporting)			<u>106,386</u>
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u><u>194,130,920</u></u>
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Alameda County and Coliseum Authority General Fund Obligations	\$611,306,000	4.471%	27331491
Alameda County Pension Obligations	282,077,926	4.471%	12,611,704
Alameda County Board of Education Certificates of Participation	1,285,000	4.471%	57,452
Alameda-Conta Costa Transit District Certificates of Participation	19,855,000	5.349%	1,062,044
Peralta Community College District Pension Obligations	153,749,832	13.977%	21,489,614
Alameda Unified School District Certificates of Participation	2,100,000	100.000%	2,100,000
Oakland Unified School District Certificates of Participation	84,380,000	0.001%	844
City of Alameda General Fund Obligations	16,438,530	100.000%	16,438,530
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT	<u><u>\$1,171,192,288</u></u>		<u><u>\$81,091,679</u></u>
GROSS COMBINED TOTAL DEBT			<u><u>\$275,328,985</u></u>
NET COMBINED TOTAL DEBT			<u><u>\$275,222,599</u></u>

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2005-06 ASSESSED VALUATION:

Direct Debt	0.14%
Total Gross Direct and Overlapping Tax Assessment Debt	2.61%
Total Net Direct and Overlapping Tax Assessment Debt	2.61%

Source: California Municipal Statistics, Inc.

**CITY OF ALAMEDA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2006**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u><u>\$6,950,048,432</u></u>
-----------------------------------------------------------------	-------------------------------

BONDED DEBT LIMIT (15% OF ASSESSED VALUE)	<u>\$1,042,507,265</u>
-------------------------------------------	------------------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

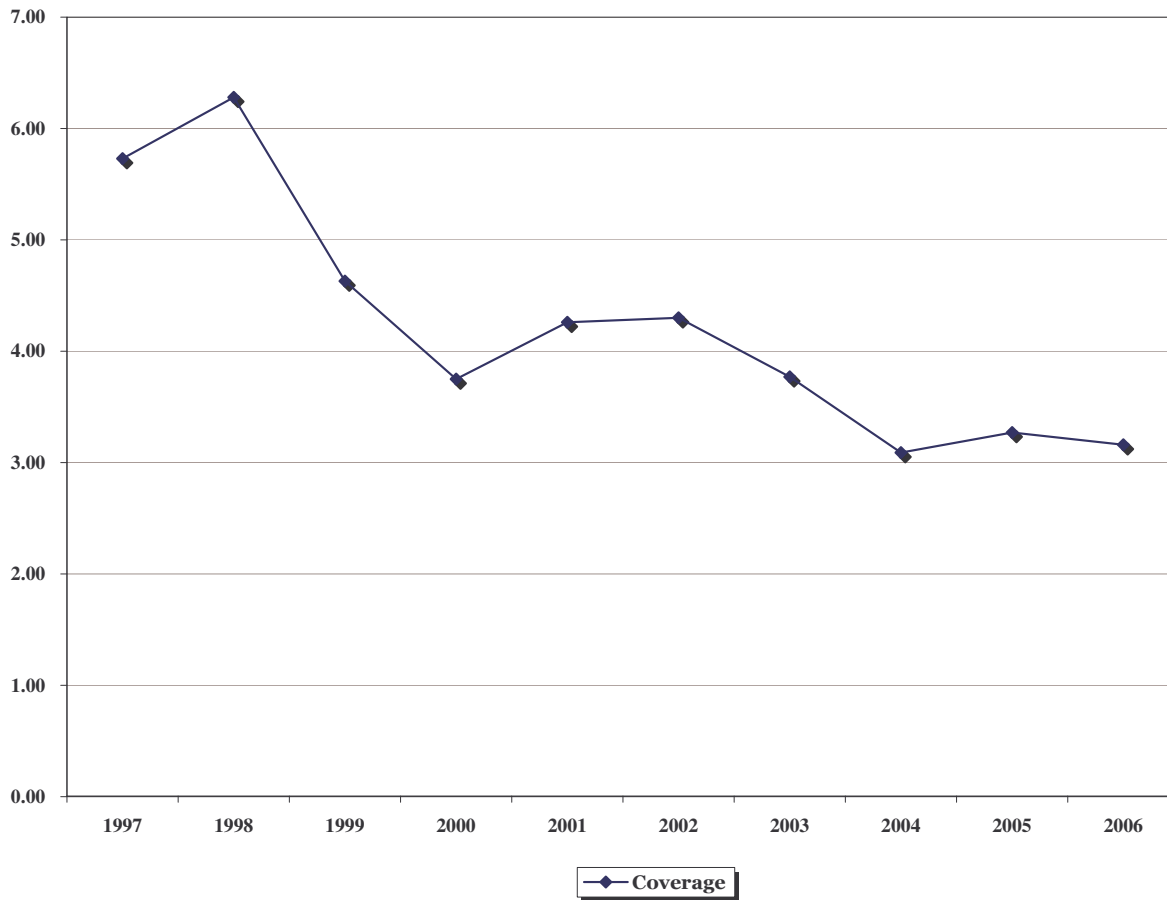
Total Bonded Debt	220,241,174
Less:	
Tax Allocation Bonds	68,700,000
Revenue Bonds Anticipation Notes	33,000,000
Revenue Bonds	15,110,000
Certificates of Participations	<u>61,305,000</u>

Amount of debt subject to limit	<u>42,126,174</u>
---------------------------------	-------------------

LEGAL BONDED DEBT MARGIN	<u><u>\$1,084,633,439</u></u>
--------------------------	-------------------------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
1997	\$589,285,571	\$16,471,500	\$572,814,071	2.88%
1998	652,599,961	6,439,000	646,160,961	1.00%
1999	668,373,285	5,166,282	663,207,003	0.78%
2000	666,753,987	4,245,152	662,508,835	0.64%
2001	797,767,278	6,789,531	790,977,747	0.86%
2002	871,080,464	10,965,468	860,114,996	1.27%
2003	898,676,682	22,057,055	876,619,627	2.52%
2004	952,607,335	87,638,529	864,968,806	10.13%
2005	1,016,580,986	93,934,540	922,646,446	10.18%
2006	1,042,507,265	42,126,174	1,000,381,091	4.21%

**CITY OF ALAMEDA
SEWER FUND DEBT COVERAGE
LAST TEN FISCAL YEARS**

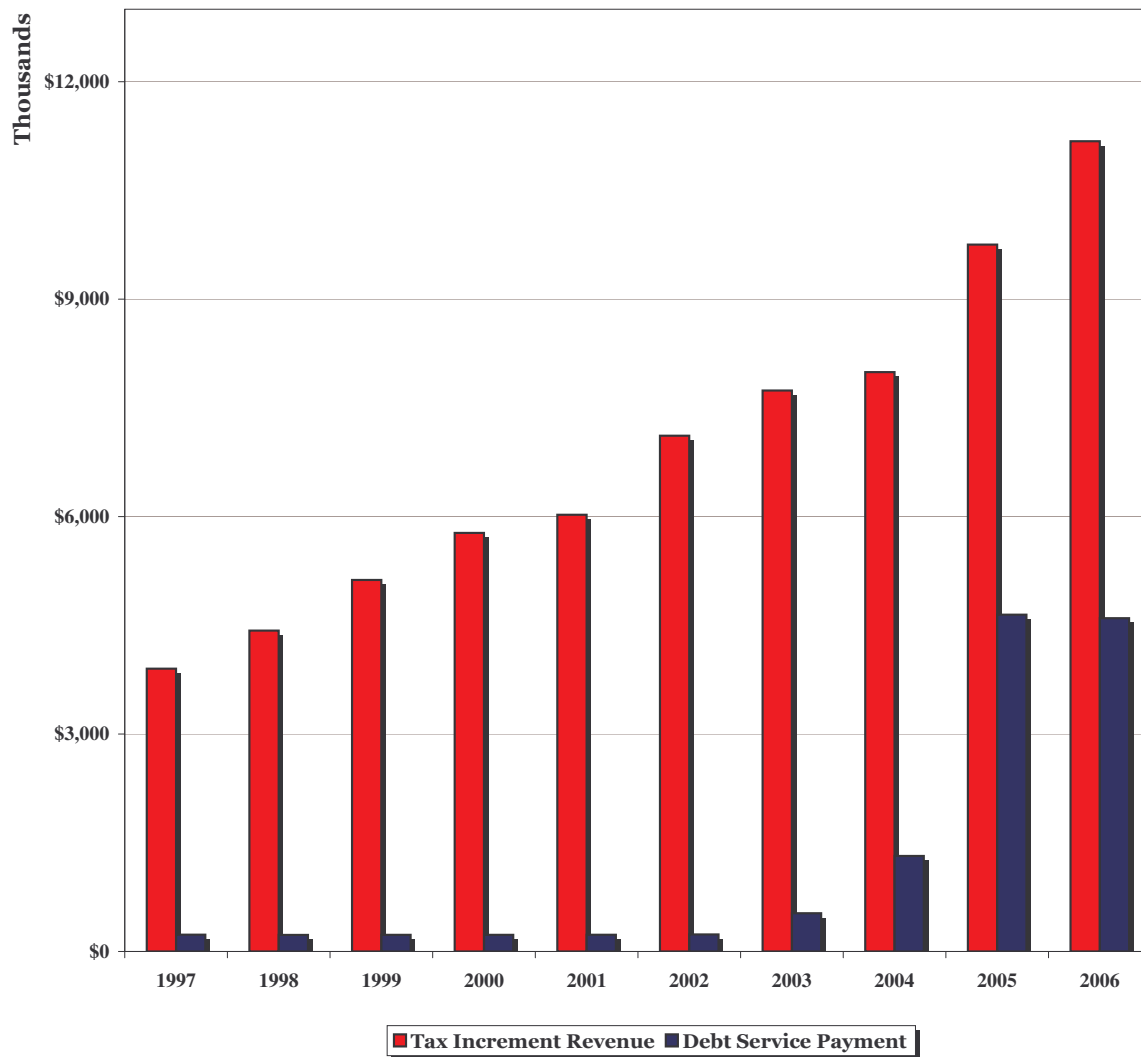


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	\$3,964,187	\$1,392,125	\$2,572,062	\$168,538	\$280,580	\$449,118	5.73
1998	4,293,156	1,478,968	2,814,188	173,997	274,231	448,228	6.28
1999	4,328,199	1,548,785	2,779,414	256,438	344,453	600,891	4.63
2000	4,397,860	1,574,600	2,823,260	369,832	382,641	752,473	3.75
2001	4,969,937	1,489,305	3,480,632	426,779	390,061	816,840	4.26
2002	5,145,229	1,644,439	3,500,790	431,222	382,551	813,773	4.30
2003	5,375,026	2,303,181	3,071,845	448,038	367,356	815,394	3.77
2004	5,200,564	2,676,271	2,524,293	464,930	351,415	816,345	3.09
2005	5,358,572	2,352,626	3,005,946	557,150	361,729	918,879	3.27
2006	5,510,703	2,610,725	2,899,978	563,839	354,612	918,451	3.16

Notes: (1) Includes all Sewer Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Sewer Operating Expenses less Depreciation and Interest

Source: City of Alameda Annual Financial Statements

CITY OF ALAMEDA
BONDED DEBT PLEDGED REVENUE COVERAGE
CIC REVENUE BONDS AND TAX ALLOCATION BONDS
LAST TEN FISCAL YEARS



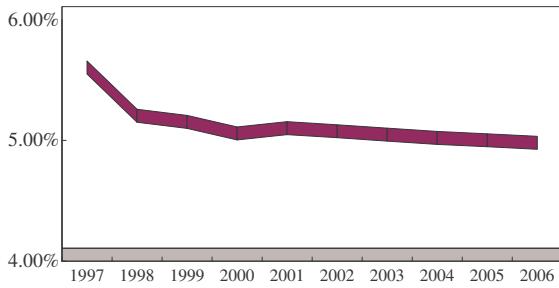
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1997	\$3,901,417	\$65,000	\$166,654	\$231,654	0.06
1998	4,427,375	65,000	163,014	228,014	0.05
1999	5,125,605	70,000	159,244	229,244	0.04
2000	5,775,291	75,000	155,044	230,044	0.04
2001	6,025,497	80,000	150,394	230,394	0.04
2002	7,115,468	90,000	145,394	235,394	0.03
2003	7,739,233	90,000	437,771	527,771	0.07
2004	7,993,280	95,000	1,223,210	1,318,210	0.16
2005	9,753,286	650,000	3,997,104	4,647,104	0.48
2006	11,178,320	640,000	3,957,871	4,597,871	0.41

Source: City of Alameda Annual Financial Statements

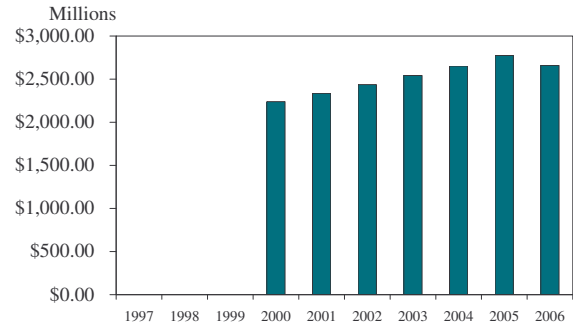
CITY OF ALAMEDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

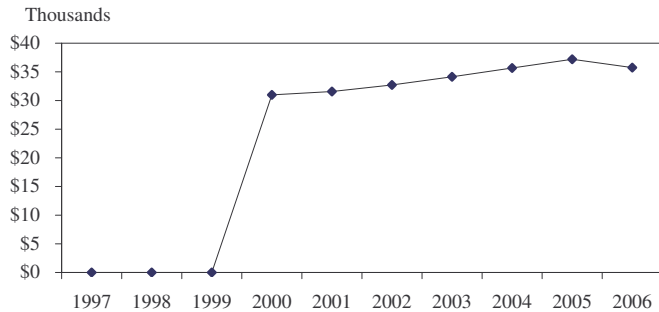
LAST TEN FISCAL YEARS



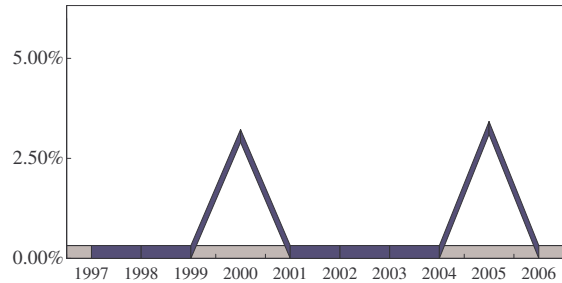
■ City Population as a % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Alameda County Population	City Population % of County
1997	76,679	(A)	(A)	(A)	1,381,705	5.55%
1998	72,793	(A)	(A)	(A)	1,413,372	5.15%
1999	73,353	(A)	(A)	(A)	1,438,516	5.10%
2000	72,259	2,238,728,338	30,982	2.9%	1,443,939	5.00%
2001	73,974	2,335,665,275	31,574	(A)	1,465,508	5.05%
2002	74,495	2,436,799,581	32,711	(A)	1,483,311	5.02%
2003	74,473	2,542,313,003	34,137	(A)	1,491,209	4.99%
2004	74,356	2,652,395,156	35,672	(A)	1,496,968	4.97%
2005	74,581	2,774,114,876	37,196	3.1%	1,507,500	4.95%
2006	74,405	2,659,309,105	35,741	(A)	1,510,303	4.93%

Source: California State Department of Finance

Note: (A) Information not available

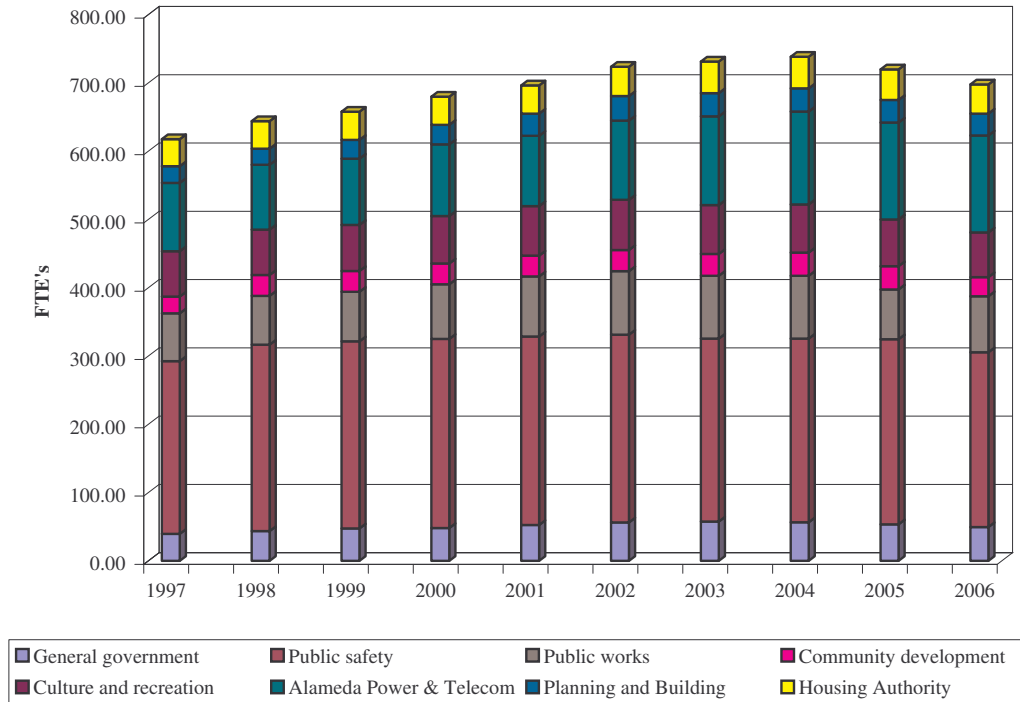
CITY OF ALAMEDA
Principal Employers
Current Year and Nine Years Ago

Employer	2005-06			1996-97 (A)		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
City of Alameda	697	1	0.6%	618	2	0.6%
Alameda Unified School District	647	2	0.6%	1,013	1	
Abbott Diabetes Care Inc.	435	3	0.4%			0.0%
Alameda Hospital	456	4	0.4%	497	4	0.5%
Wind River Systems	417	5	0.4%	250	5	
College of Alameda	278	6	0.2%			
UT Starcon Inc.	237	7	0.2%			0.0%
Golden State Overnight	232	8	0.2%			
Associated Third Party Administrators	207	9	0.2%			
Kaiser Foundation Health Plan	205	10	0.2%			
Oakland Raiders	200	11	0.2%	200	8	0.2%
Bay Ship & Yacht	200	12	0.2%	250	6	0.2%
Emmanuel Convalescent Hospital	150	13	0.1%			0.0%
Ascend Communications (became Lucent)	138	14	0.1%	515	3	0.5%
Safeway Stores				232	7	0.2%
Bayview Nursing & Rehab				185	9	0.2%
Lucky Stores				171	10	0.2%
Subtotal	<u>4,499</u>		<u>4.0%</u>	<u>3,931</u>		<u>3.7%</u>
Total City Day Population	<u>111,640</u>			<u>106,679</u>		

Source: City of Alameda Community Development Department
and City of Alameda Business License Records

(A) Employment information, other than City of Alameda, not available

CITY OF ALAMEDA
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



AS OF JUNE 30,

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function										
General government	39.50	43.60	47.50	48.00	52.50	56.25	57.50	56.50	53.50	49.50
Public safety	253.00	273.00	274.00	277.00	276.00	275.00	268.00	269.00	271.00	256.00
Public works	70.00	71.50	72.50	80.00	88.00	93.00	92.00	92.00	73.00	82.00
Community development	24.50	30.50	30.50	30.50	30.50	31.00	32.00	34.00	34.00	28.00
Culture and recreation	66.50	66.50	67.50	69.50	72.50	73.50	71.50	70.50	68.50	65.50
Alameda Power & Telecom	100.00	95.00	97.00	105.00	103.00	116.00	130.00	136.00	142.00	142.00
Planning and Building	24.50	23.58	27.50	28.50	32.50	36.00	34.00	34.00	33.00	32.00
Housing Authority	39.60	40.30	41.30	41.30	41.30	42.90	46.20	46.20	44.70	42.70
Total	617.60	643.98	657.80	679.80	696.30	723.65	731.20	738.20	719.70	697.70

Note:

Wastewater and Solid Waste are included in Public Works

Culture & Recreation includes Library, Recreation and Park, and Golf

Source: City of Alameda

CITY OF ALAMEDA
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year				
	1997	1998	1999	2000	2001
General Information					
Incorporation date	4/19/1854	4/19/1854	4/19/1854	4/19/1854	4/19/1854
	Council/	Council/	Council/	Council/	Council/
Form of government	Manager	Manager	Manager	Manager	Manager
Area in square miles	9.5	9.5	10.1	10.1	10.1
Number of registered voters	36,834	38,052	33,805	35,320	38,123
Number of Hospitals	1	1	1	1	1
Education:					
Student enrollment	(A)	(A)	(A)	(A)	(A)
Elementary schools	12	12	12	12	12
Junior high schools	3	3	3	3	3
High schools	2	2	2	2	2
Continuation schools	1	1	1	1	1
Independent study	1	1	1	1	1
Teachers (full & part time)	526	526	526	526	526
Function/Program					
Fire:					
Fire calls for service	5,093	5,210	5,284	5,340	5,608
Primary fire inspections conducted	(A)	(A)	(A)	(A)	(A)
Environmental safety inspections conducted	(A)	(A)	(A)	(A)	(A)
Police:					
Police calls for Service	56,868	57,114	60,082	59,350	66,047
Law violations:					
Part I and Part II crimes	8,715	7,599	7,365	7,282	7,739
Physical arrests (adult and juvenile)	4,042	3,931	3,647	3,598	4,039
Traffic violations	12,666	14,241	14,173	14,368	12,269
Animal Shelter:					
Animals adopted	511	750	677	509	520
Public works:					
Street resurfacing (miles)	(A)	(A)	(A)	(A)	(A)
Potholes repaired (square miles)	(A)	(A)	(A)	(A)	(A)
Sewer					
Storm drain inlets	(A)	(A)	(A)	(A)	(A)
Sewer service connections	(A)	(A)	(A)	(A)	(A)
Sewer main blockages	(A)	(A)	(A)	(A)	(A)
Solid Waste					
Refuse Landfilled (tons per year)	(A)	(A)	(A)	(A)	(A)
Recyclables Processed (tons per year)	(A)	(A)	(A)	(A)	(A)

Planning & Building:

Number of Building Permits issued	5,005	5,225	6,253	6,253	7,273
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Recreation and Parks:

Youth & Teens:

Number of youth programs	75	78	80	82	85
Number of youth attendees	21,812	18,940	19,783	19,334	19,375

Seniors:

Number of senior programs	44	54	57	60	64
Number of senior attendees	61,482	60,923	62,380	58,683	57,753
Number of meal served	17,372	17,883	18,708	16,708	14,124
Number of Mastick Senior Center attendees	61,482	60,923	62,380	58,683	57,753

*Note: Still in session (mid-year)

Golf:

Number of rounds played	240,661	214,062	226,490	223,972	222,212
-------------------------	---------	---------	---------	---------	---------

Library:

Volumes in Collection (thousands)	174	178	180	186	179
Total Volumes Borrowed (thousands)	417	433	418	389	457

Finance:

Number of Business Licenses issued	(A)	(A)	(A)	(A)	(A)
------------------------------------	-----	-----	-----	-----	-----

Alameda Power and Telecom:

Number of electric customers	31,797	32,165	32,495	32,595	32,765
Number of kilowatt hours sold	377,932,545	357,278,748	370,559,887	374,217,039	383,124,513
Reliability rate	99.99	99.98	99.99	99.98	99.99
Number of telecom customers	0	0	0	0	0

Housing Authority:

Number of Section 8 vouchers	1,425	1,425	1,457	1,632	1,632
Number of managed units	558	558	559	559	559

Source: City of ALAMEDA

Note: (A) Information not available

	Fiscal Year				
	2002	2003	2004	2005	2006
General Information					
Incorporation date	4/19/1854 Council/	4/19/1854 Council/	4/19/1854 Council/	4/19/1854 Council/	4/19/1854 Council/
Form of government	Manager	Manager	Manager	Manager	Manager
Area in square miles	10.1	10.1	10.1	22.7	22.7
Number of registered voters	37,055	39,780	39,360	40,968	41,755
Number of Hospitals	1	1	1	1	1
Education:					
Student enrollment	(A)	(A)	(A)	10,383	9,975
Elementary schools	12	12	12	12	10
Junior high schools	3	3	3	3	3
High schools	2	2	2	2	3
Continuation schools	1	1	1	1	1
Independent study	1	1	1	1	1
Teachers (full & part time)	526	528	637	650	621
Function/Program					
Fire:					
Fire calls for service	5,712	6,070	6,003	(A)	(A)
Primary fire inspections conducted	(A)	(A)	1,700	3,050	(A)
Environmental safety inspections con	(A)	(A)	270	270	(A)
Police:					
Police calls for Service	73,484	72,584	65,535	66,634	(A)
Law violations:					
Part I and Part II crimes	7,893	7,897	6,741	6,128	(A)
Physical arrests (adult and juvenile	4,638	5,530	4,712	4,036	(A)
Traffic violations	16,643	16,845	15,370	16,154	(A)
Animal Shelter:					
Animals adopted	397	475	480	437	(A)
Public works:					
Street resurfacing (miles)	(A)	(A)	(A)	(A)	6
Potholes repaired (square miles)	(A)	(A)	(A)	(A)	984
Sewer					
Storm drain inlets	(A)	(A)	(A)	(A)	2,100
Sewer service connections	(A)	(A)	(A)	(A)	29,789
Sewer main blockages	(A)	(A)	(A)	(A)	203
Solid Waste					
Refuse Landfilled (tons per year)	(A)	(A)	(A)	(A)	35,504
Recyclables Processed (tons per year)	(A)	(A)	(A)	(A)	10,936

Planning & Building:

Number of Building Permits issued	4,182	4,964	5,131	7,011	6,197
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Recreation and Parks:

Youth & Teens:

Number of youth programs	80	89	90	92	98
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Number of youth attendees	20,183	22,259	28,479	33,550	22,915
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Seniors:

Number of senior programs	70	75	79	81	84
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Number of senior attendees	70,197	117,099	161,216	160,762	167,269
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Number of meal served	14,064	14,435	14,243	12,154	12,209
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Number of Mastick Senior Center at	70,197	117,099	161,216	160,762	167,269
------------------------------------	--------	---------	---------	---------	---------

*Note: Still in session (mid-year)

Golf:

Number of rounds played	206,977	198,113	178,937	151,607	134,114
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Library:

Volumes in Collection (thousands)	181	184	189	198	193
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Total Volumes Borrowed (thousan	492	517	508	499	494
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Finance:

Number of Business Licenses issued	8,075	8,295	8,732	9,038	9,283
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Alameda Power and Telecom:

Number of electric customers	32,853	32,957	33,059	33,188	33,869
------------------------------	--------	--------	--------	--------	--------

Number of kilowatt hours sold	366,835,346	367,521,970	379,852,595	378,328,730	377,792,038
-------------------------------	-------------	-------------	-------------	-------------	-------------

Reliability rate	99.99	99.99	99.99	99.99	99.99
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Number of telecom customers	5,755	8,708	12,001	15,462	16,770
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Housing Authority:

Number of Section 8 vouchers	1,632	1,583	1,625	1,625	1,675
------------------------------	-------	-------	-------	-------	-------

Number of managed units	559	559	559	559	559
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Source: City of ALAMEDA

Note: (A) Information not available

CITY OF ALAMEDA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year				
	1997	1998	1999	2000	2001
Function/Program					
Fire:					
Fire stations	5	5	5	5	5
Police:					
Police stations	1	1	1	1	1
Public works:					
Miles of streets	(A)	(A)	(A)	(A)	(A)
Miles of bike lanes	(A)	(A)	(A)	(A)	(A)
Traffic Signals	(A)	(A)	(A)	(A)	(A)
Wastewater					
Miles of sanitary sewers	(A)	(A)	(A)	(A)	(A)
Miles of storm sewers	(A)	(A)	(A)	(A)	(A)
Recreation and Parks:					
City parks	23	23	25	29	29
City parks acreage	109	109	120	141	141
Playgrounds	11	11	11	11	11
City trails/Bike paths	(A)	(A)	(A)	(A)	(A)
Community centers	11	11	11	12	12
Senior centers	1	1	1	1	1
Sports centers	0	0	0	0	0
Performing arts centers	0	0	0	0	0
Swimming pools (owned by AUSD but Maintained by City	5	5	5	5	5
Tennis courts (16 owned by City and 3 not owned by City at Alameda Point)	19	19	19	19	19
Baseball/softball diamonds	14	14	*15	*15	*15
Soccer/football fields	1	**2	**2	**2	**2
*14 baseball fields in City parks with one owned by College of Alameda					
** 1 Dedicated soccer field in City Parks with one not owned by City at Alameda Point					
Golf:					
Acres of Greens	(A)	(A)	(A)	(A)	5.39
Number of electric golf carts	(A)	(A)	(A)	(A)	(A)
Library:					
City Libraries	3	3	3	3	3
Alameda Power and Telecom:					
Miles of lines	161	162	162	165	166
Street lights	(A)	(A)	(A)	(A)	(A)

Source: City of Alameda

Note: (A) Information not available

Fiscal Year				
2002	2003	2004	2005	2006
5	5	5	5	5
1	1	1	1	1
(A)	(A)	135	135	135
(A)	(A)	(A)	10	10
(A)	(A)	(A)	78	78
(A)	(A)	(A)	(A)	160
(A)	(A)	(A)	(A)	41
29	29	29	31	31
141	141	141	149	149.31
11	11	11	11	11
(A)	(A)	(A)	10	10
12	12	12	12	12
1	1	1	1	1
0	0	0	0	0
0	0	0	0	0
5	5	5	5	5
19	19	19	19	19
*15	*15	*15	*15	*15
**2	**2	**2	**2	**2
5.39	5.39	5.39	5.39	5.39
(A)	(A)	150	150	150
3	3	3	3	3
237	239	2,456	245	147
(A)	(A)	(A)	(A)	6,359